

# FINANCIAL TIMES



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Hell gets a bit cooler  
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**Weekend FT**  
The greatest show in Europe

World Business Newspaper

FRIDAY JANUARY 26 1996

## Canadian PM acts to raise Quebec voice in cabinet

Jean Chrétien, Canada's prime minister, has brought two well-known Quebecers into his cabinet in the first cabinet reshuffle since his Liberal government took office in 1993. His aim is to give the pro-Canada camp a stronger voice against secessionists in the French-speaking province. The prime minister has faced growing criticism over his national unity strategy since separatists nearly won an independence referendum last October. Page 6

**Search begins for new Polish PM:** Poland's ruling coalition leaders started the search for a new prime minister as leaders of the Democratic Left Alliance, the main party in the ruling coalition, were called to the presidential palace after the resignation of Jozef Oleksy. Page 3

**Resistance looms to EU arms competition:** Plans to open the tendering for European Union government defence contracts to full competition were floated by the European Commission. But resistance by member states with large arms industries means they are unlikely to become law in anything like their current form, despite increasing interest in defence co-operation. Page 2

**EMU suggestion faces criticism:**

French and German politicians reacted sharply against the suggestion by Valéry Giscard d'Estaing, left, former president of France, that the criteria for European economic and monetary union be interpreted flexibly to ensure it could begin on time in 1999. Klaus Kinkel, German foreign minister, said EMU should be completed on schedule and with a strict interpretation of the criteria and Hervé de Charette, France's foreign minister, stressed his continuing commitment to the Maastricht conditions. Page 3

**EU suspends Vietnam's textile quota:** The European Union has suspended a textile quota agreement which would have allowed Vietnam substantially increased exports because Hanoi failed to grant the EU reciprocal access to its market. Page 5

**Pledge by Finnish prime minister:** Paavo Lipponen, Finland's Social Democratic prime minister, has promised his government will maintain fiscal discipline despite mounting criticism of its failure to tackle one of the Europe's highest unemployment rates. Page 3

**Problem for German forecasters:** The sharp downturn in the German economy has proved a problem to most of the country's forecasters, who did not predict it, then denied it was happening, and now say it may soon be over. Page 2

**Rover notches up success outside Europe:** A steep rise in exports outside Europe has resulted in BMW's Rover subsidiary in Britain producing more than 500,000 vehicles last year. Page 7

**Hyundai plans expansion:** Hyundai Motor, South Korea's largest car company, plans to double production to 2.4m vehicles by 2000 and increase annual sales to \$28bn. Page 13

**Race for top HK post:** The race to become Hong Kong's first chief executive has taken a fresh turn with China's two most senior advisers in Hong Kong declaring themselves for different candidates. Page 4

**Beer supply halted:** Indonesian brewers have stopped supplying beer to Bali, the country's prime tourist destination, in protest against a new tax on beer levied by a company understood to be controlled by President Suharto's grandson. Page 12

**Profits boost for Boeing:** Reduced income tax charges, caused by the recent 10-week strike by Boeing engineers, helped generate a 39 per cent surge in fourth-quarter net profits at the US aerospace group. Page 13

**American trade dispute over books:** Books and magazines are at the centre of a trade dispute between the US and Canada. Page 5

**Japan may tighten derivatives reporting:** Japan's finance ministry is considering tougher rules to force securities companies to improve reporting of their derivatives exposure. Page 4

**EU poised to win China aircraft contract:** China is poised to approve a project to build a 100-seater passenger aircraft, with a European consortium favoured to win the contract, according to a UK trade minister. Page 6

STOCK MARKET INDICES		GOLD	
New York: Dow Jones	5,233.81 (-0.03)	New York: Comex	403.5
NASDAQ Composite	1,242.28 (-1.29)	Feb	406.7
Europe and Far East		London:	402.9
DAX	1,880.19 (+4.22)	close	347.8
FTSE 100	2,843.72 (+20.66)		
Nikkei	20,414.58 (+101.58)		
US LUNCHTIME RATES		EURO DOLLAR	
Federal Funds	5.1%	New York: London	1.5087
3-mth T-bill	5.0875%	DM	1.4887
Long Bond	1.08%	FF	1.1815
Yield	5.0875%	Sw	1.1180
		Y	108.728
OTHER RATES		London:	
UK 3-mth interbank	6.4%	£	1.5147 (1.513)
UK 10 y gilt	10.7%	DM	1.4782 (1.483)
France 10 y OAT	10.82%	FF	1.478 (1.478)
Germany 10 y Bund	10.7%	Sw	1.1878 (1.187)
Japan 10 y JGB	11.23%	Y	108.400 (108.768)
NORTH SEA OIL (August)		SYMBOLS	
Brent 15-day (bar)	\$18.82 (18.37)	DM	2.2281 (2.227)
		Tokyo close	¥ 108.82

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## Appointment may signify lurch towards more economic intervention

# Ex-Lada chief handed Russian deputy PM job

By John Thornhill in Moscow

Mr Vladimir Kadannikov, one of Russia's most prominent industrialists, was yesterday appointed first deputy prime minister in a move which could signify a further lurch towards more interventionist economic policies. Formerly head of AvtoVAZ, maker of the Lada car, Mr Kadannikov will be in charge of the country's economic policy even though the vehicle manufacturer has not produced a new model of the Lada this decade. He has frequently called for more state support for industry, higher tariffs to protect domestic producers, and the curtailment of the strong rouble policy which has hit exporters. Mr Kadannikov's instincts would appear to run counter to the liberal economic policies pursued by his predecessor, the reformist Mr Anatoly Chubais, who was sacked last week. Mr Kadannikov faced criticism while at AvtoVAZ for being slow to respond to changed market conditions. Yesterday he said: "Only the development of national industry and the

strengthening of domestic producers, whether state or private, can solve the social problems Russia now faces." His appointment follows recent statements from Mr Oleg Soskovets, the other first deputy prime minister, criticising recent attempts "to mimic the market economy practices of other countries without taking our specific characteristics into account". "The uncertainty surrounding the course of economic reform has led to fears in the country's nascent financial markets that the government will relax monetary policy, reigniting inflation. It has also complicated discussions with the International Monetary Fund over a three-year \$9bn loan. It now appears highly unlikely that the IMF mission, currently in Moscow, will be able to reach a preliminary decision by the end of the month as had been expected. In spite of the apparent shift in emphasis in economic policy, President Boris Yeltsin warned that people should not draw "lightweight and hasty" conclusions about the significance of the latest reshuffles.

In a speech to the Moscow state technical university, Mr Yeltsin reinforced his commitment to the political and economic reform programme. His rhetoric has veered sharply towards the hardline camp since Communists and ultra-nationalists topped the polls in last month's parliamentary elections. This has led to speculation that he will run in the presidential elections in June, although he is not due to announce his intentions for another three weeks. Mr Alexander Livshits, the president's chief economic aide who was also a contender to replace Mr Chubais, said no "drastic" steps would be taken to change the course of reform. "Any such steps or statements would be fraught with a market crash as a deputy prime minister would cope with," he said. Mr Yeltsin yesterday also appointed Mr Alexander Kazakov as head of the state property committee, which oversees privatisation policy.

Car czar, Page 2  
Poland's search, Page 10  
Editorial Comment, Page 11



Vladimir Kadannikov, frequently urged more state support for industry and higher tariffs to protect domestic producers. Photo: Reuters

## Congress drafts bill to avert another shutdown

By Paul Waldman in Washington and Lisa Brannan in New York

The White House and the US Congress were struggling yesterday to agree another stop-gap spending bill to keep the federal government open beyond midnight tonight. The administration was yesterday considering a draft bill from Congress which would extend funding for a month while broader budget negotiations continue. But Mr Mike McCurry, the White House spokesman, cautioned that some language appended to the bill - believed to include measures to stop research on abortion foetuses - might not be acceptable to President Bill Clinton. However, both sides made clear their intention to resolve any problems and avoid another shutdown, which would prove very unpopular with voters. Nervousness over the continuing budget battle and the possibility of a US default was one factor pushing down US bond prices yesterday. In early afternoon trading, the benchmark 30-year Treasury bond was off over a point at 118 1/2 to yield 6.301 per cent. Late on Wednesday the credit-rating agency Moody's said it had placed \$687bn worth of Treasury debt on review for a possible downgrade, citing uncertainty about the Treasury's ability to continue making interest payments.

Meanwhile, the White House and Republican leaders continued to debate how to find a definitive end to their budget standoff, perhaps by agreeing a limited agenda of spending cuts and tax credits. Republicans have offered to set aside their broader differences with the White House, including the year-long conflict over reforming publicly funded health care and welfare, until after the November presidential elections. This would mean the Republicans backing down on their demands for radical budget savings, and agreeing to a more limited \$180bn in savings, in what Mr Newt Gingrich, the

Continued on Page 12

## US threatens Japan over music industry rights

By Michio Nakamoto in Tokyo

The US has threatened to take its first action against Japan in the World Trade Organisation over a dispute concerning intellectual property rights in the music recording industry. Mr Mickey Kantor, US trade representative, said he was unhappy with Japanese interpretation of regulations concerning the protection of recordings. Japan extends agreed retroactive rights to 1971, while the US insists that Tokyo should uphold protection back to 1946. Mr Kantor said Japan's failure to change its rules "would appear

## Row over protection of recordings may spark action against Tokyo in World Trade Organisation

to give the US no recourse other than to pursue its rights under the WTO". He also said Japan would remain on the US government's priority watch list of countries with allegedly inadequate protection against intellectual property violations. The dispute centres on the intellectual property rights of recording companies and musicians on recordings made in the distant past and involves potentially huge sums in royalties for

companies and musicians in the US and other countries. The intellectual property rights of music composers and lyric writers are protected for 50 years after their death. But the rights of recording companies and musicians - known as neighbouring rights - were only agreed by many countries in 1993 under the Trade Related Aspects of Intellectual Property Rights (TRIPS) agreement. Under this agreement, which came into effect on

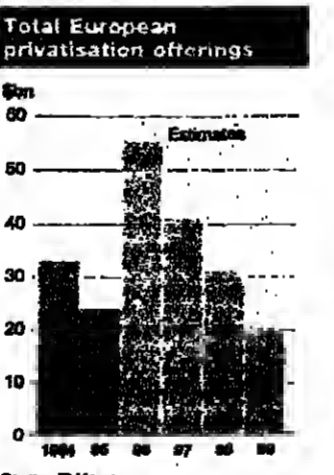
January 1 this year, signatories are obliged to protect those rights retrospectively. However, it is not clear how far such retrospective protection must extend, according to an official at Japan's agency for cultural affairs. Under Japanese law, neighbouring rights are retroactive only to 1971, when Japan's intellectual property law was revised. In contrast, in the US and many European countries, retrospective protection lasts until 1946,

50 years from when the TRIPS agreement came into effect. The US claims Japan has a similar obligation. The Japanese authorities, however, claim their decision to take neighbouring rights back only to 1971 was cleared by the World Intellectual Property Organisation and other TRIPS signatories, including the US. While large Japanese recording companies have licensing agreements with the owners of neighbouring rights, there is no law to prevent a growing number of companies which do not pay licensing fees from selling CD and tape copies of popular 1960s western rock and roll music.

## Record number of sell-offs may raise \$55bn this year

By Antonia Sharpe in London

The privatisation of state-owned companies by west European governments could raise a record \$55bn this year, more than double last year's total of \$24bn, according to a study by J. P. Morgan, the US investment bank. The biggest sell-off this year is set to be Deutsche Telekom, Germany's telecommunications company, which could raise about \$10bn. Italy could raise up to \$6bn from the sale of shares in Stet, its telecoms company. Mr Gary Dugan, J. P. Morgan's European equity strategist and the author of the study, estimates that Europe's "ambitious" privatisation programme will account for about 65-70 per cent of offerings worldwide this year. In fact privatisations by Italy, Germany and France are expected to dominate offerings by governments from now until the end of the century. The UK, a trail blazer in the privatisation of state assets, will have little left to sell after this year's disposal of Railtrack, owner of British rail track and signalling, and British Energy, which will run Britain's modern nuclear generating plant. The study says privatisations were concentrated in a smaller number of sectors last year than in 1994. There were no sell-offs in the insurance, pharmaceuticals



or car manufacturing sectors. However, the telecoms sector saw several offerings for the fifth consecutive year. This sector alone accounted for about 25 per cent of the total raised in European privatisations last year. Telecom offerings are set to dominate the European privatisation programme this year, a trend which the study views with some concern. "In our opinion, the sector split of privatisations does not fit with the type of stocks investors may wish to have in their portfolios in 1996," says the study. The continued dominance of

telecoms issues this year comes in the wake of a muted response from international investors to offerings last year from Spain's Telefonica and Indonesia's PT Telkom. However, analysts believe fears of a buyer's "strike" this year are overdone. "The political situation in Italy means that Stet might not happen which would make Deutsche Telekom much more digestible," said one analyst. But bankers say governments may have to reduce their expectations of the amount they can raise after experiences in Indonesia and France last year where investors refused to pay over the odds for state-owned assets. "The lesson which emerged in 1995 was that if an offering is priced and allocated correctly, and if incentives for retail investors are included, then it can succeed," said Mr James Leigh-Pemberton, head of European equity capital markets at CS First Boston. The J. P. Morgan study says there was a considerable slowdown in privatisations in other regions last year. Latin American privatisations came to a halt after the Mexican peso crisis, but they should pick up this year with offerings from Brazil and Peru in the pipeline. Demand for Repeal exceeds offer, Page 18

## Buyout house of the year

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January 1996 *Account/Review Monthly*

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NEWS: ASIA-PACIFIC

Beijing's most senior advisers pick different men to be first chief executive of post-1997 Hong Kong
Elder statesmen promote rivals for top HK post

By Simon Holberton in Hong Kong
The race to become Hong Kong's first chief executive has taken a fresh turn with China's two most senior advisers in Hong Kong declaring themselves for different candidates.

associated with Beijing's cause in the colony since the early 1980s. Mr Ann, an elder statesman, is an industrialist who has never been far from the inner councils making Hong Kong policy in Beijing.

ning of intense lobbying for Hong Kong top political job. "It is an enormous piece of patronage for the Politburo to dispense," observed on western diplomat.

This may involve a requirement that members observe collective responsibility and confidentiality. Beijing is expected to keep a tight rein on proceedings and allow little room for deviation from existing policies.

political leader. Britain has always appointed governors without consulting local people. Few in Hong Kong, however, expect this group to do more than validate Beijing's chosen candidate.

for Beijing to make. He has had no direct experience of government - although he was a key local figure in the drafting of Hong Kong's post-1997 constitution - and he is very young by the standards of Chinese politics.

ADB in talks on Indian finance plans

By Mark Nicholson in New Delhi

The Asian Development Bank is discussing with three Indian financial institutions a pioneering lending programme aimed at easing the financing bottleneck for private Indian infrastructure projects while helping develop a long-term debt market in the country.

Mr Thaksin has shown that better management can have an effect

police out of their booths and into enforcing traffic regulations. Extra benefits are the ability to introduce "green waves" for motorcades (one for taking a member of the Royal Family to the airport has already been programmed into the system) and changing the timing of the lights depending on whether school is in session, a big factor affecting traffic flow.

'Hell has gotten just a bit cooler'

Bangkok's traffic problems have eased but still beat its overlord, Ted Bardacke writes

Six months ago, Mr Thaksin Shinawatra, Thailand's deputy prime minister, made a ridiculous pledge. On being appointed traffic overlord for Bangkok, he promised to solve the city's legendary traffic problem by today.

Bangkok jam: running less slowly



Bangkok



London

Roads make up about 8 per cent of Bangkok's total land area, compared to 20-25 per cent in European cities. For instance, areas of similar size in central Bangkok (left) and central London (right) illustrate the difference.

ASIA-PACIFIC NEWS DIGEST

Thai deficit forecast raised

Thailand's central bank is likely to raise its current account deficit estimate for 1996 above the previously forecast 7.1 per cent of gross domestic product, already a four-year high, the bank said yesterday.

Hong Kong retail sales down 5%

The malaise in the shopping malls of Hong Kong showed little sign of abating in November, with retail sales 5 per cent lower in volume terms compared with the previous month and 1 per cent below a year earlier, figures released yesterday showed.

New Zealand GDP surprise

New Zealand's gross domestic product rose by an unexpectedly high 0.8 per cent in the September quarter of 1995, but analysts said yesterday the outcome was largely an aberration. Most economists were forecasting a rise in real, seasonally adjusted production-based GDP of about 0.4-0.5 per cent over the quarter.

Japan may tighten derivatives reporting

By Gerard Baker in Tokyo

Japan's finance ministry is considering tougher rules to force securities companies to improve reporting of their derivatives exposure.

Derivatives are financial instruments such as futures and options, whose worth is based on the value of an underlying asset.

derivatives, traded with their customers, in their published financial statements. At present, derivative positions not yet settled are not generally reported in brokers' accounts.

increased doubts about the reliability of financial reporting in Japan. Fears have arisen that some companies may have covered up big losses on pending transactions not yet settled.

the past year, including the collapse of several smaller institutions and disclosures of huge losses at Daiwa Bank's New York branch. Some brokers have already volunteered to publish details of outstanding derivatives positions as appendices to their main accounts.



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The Financial Times plans to publish a Survey on European Stockmarkets on Thursday, February 15.

On 2nd January, new EU legislation governing the remote trading of stocks between European countries was introduced. The Financial Times will raise the many issues and choices facing the Exchanges and securities houses dealing cross-border within Europe as well as the role to be played by information providers in this new and more competitive environment.

If you would like to know in more detail what subjects will be covered, a full editorial synopsis and advertising costs are available from:

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World Trade Rifkin for S trade

Mr Malcolm Rifkin... his European... go-ahead for... they meet... The idea... summer but... dragging its... agreement to... UK officials... Mousil... formal instructions... working out... Both France... European... preferences... Africa.

Anam plan

Anam... semiconductor... part of its... is reviewing... Anam is... recently... overseas plant... semiconductor... Both countries... investors... planning to build... Ireland... Motorola... \$1bn semiconductor... largest semiconductor... \$1.6bn to a... Motorola has... Israel.

CST Entertainment... Silicon Graphics... infringement... The suit... District of Columbia... making... technology... CST is seeking... damages and...

Eriksen... worth \$9m... Turkish GSM... and radio... 1996.

Friedl... Mannheim... South Korea... converter... manufacturing... Darmstadt.

The... contact... in a... of... August... papers...

Court challenge

By...







MANAGEMENT

The human element is often overlooked in the heat of bid battle, says Vanessa Houlder

# People power

Marathon takeover battles, such as that between Granada and Forte, usually end in euphoria for the winning side. But veterans of acquisitions are well aware that an initial triumph can turn into a pyrrhic victory.

There is a "remarkable consensus" that fewer than half of all acquisitions can be considered successful, according to research by the Economist Intelligence Unit entitled *Making Acquisitions Work*, published today.

Studies of failed mergers and acquisitions usually focus on financial, strategic and business factors. Relatively little attention is often paid to cultural and human problems. Yet these issues which emerge during the implementation phase of a merger can scupper an otherwise promising deal.

"Unless the human element is managed carefully, there is a serious risk of losing the financial and business advantages which the acquisition could bring to the parent company," concluded a study of the role that the "human factor" played in 40 acquisitions in the US and UK in the 1980s by the London Business School and Egon Zehnder International, consultants.

The latest offering from the EIU concurs. "The major problems in the ongoing implementation phase usually concern human difficulties thrown up by the merger process." It outlines a number of integration rules employed by accomplished acquirers: "plan first, implement quickly, communicate frankly and act correctly". A company that is insensitive in the way that it treats people will store up problems for future acquisitions.

Given that the vast majority of acquisitions are friendly and the target company is freely open to inspection and discussion, thorough pre-acquisition planning is usually possible. But in many cases it is still a cursory affair that overlooks non-financial issues. In the LBS study, for example, all the buyers conducted financial audits of the

acquired companies before they bought them. But only 37 per cent carried out a management or personnel audit. Even that figure was considerably overstated, because many of the audits were limited to pensions, salary levels and general personnel policies, covering just the top levels in the company.

Concern about the low priority given to personnel issues when an acquisition is evaluated is shared by consultants. "In a situation that demands and gets detailed audits of equipment, property, finances and IT systems, the one asset that appears to be overlooked is people," says Bridget Skelton of PA Consulting Group. The risk of damage to morale, performance and culture is great, she thinks.

People in Business, a communications consultant, argues that a proper asset valuation should include information on recruitment and retention, assessment of the performance of key managers and its culture, values and behaviour.

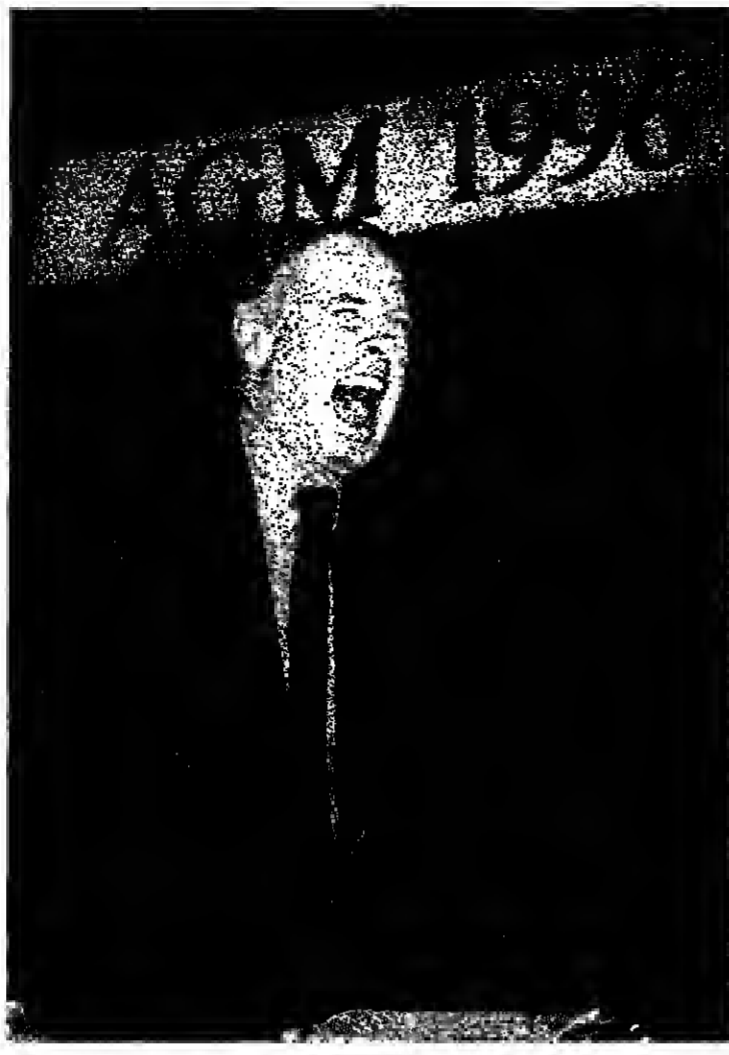
Issues surrounding post-acquisition personnel strategy were examined by senior personnel directors, corporate financiers and fund managers at a seminar organised by People in Business last year.

All three groups were held, to some extent, responsible for the low priority given to human resources. The fund management industry came under fire for its narrow emphasis on financial measures in determining a bid.

Paul Manduca, chief executive of Threadneedle Asset Management, points out that few fund managers pretend to be experts on management issues.

"Most fund managers and corporate financiers have never worked in industry. They may know these business well but they actually don't know what the opportunities and problems are," he says.

But Andrew Lambert, managing director of People in Business, takes a contrary view. "A fund manager should be looking ahead to where the business is going in a much more inquiring way. This will, in



Will Gerry Robinson have the last laugh? Initial triumph can turn into pyrrhic victory

turn, raise the ante for management teams who will be under more pressure to plan and manage thoroughly, and treat people issues in a less cavalier fashion than too often seems to be the case.

Corporate financiers were also criticised for dominating the deal-making process and limiting access to other professionals. "What they [corporate financiers] need to do in the future is to include a wider array of professions to bring other necessary skills to bear," says Michael Robinson, director of human resources at Henderson Administration (the fund management group which took over Touche Rennehan).

Nick Dillon, a director of corporate finance at Robert Fleming, agrees that there is a need for better analysis of some issues that involve human resources. Acquiring companies need to be more realistic about plans to squeeze costs and more careful about assessing the impact that those savings will have on turnover.

But he argues that it is up to the human resources directors to show the importance of their role.

A central problem may be an image one. "Given that HR is traditionally regarded as 'warm and fuzzy', it is even more difficult for the HR function to ensure that it has a seat at the table," says Robinson. It is, he concludes, important for human resources specialists to demonstrate that they have the commercial nous to be involved in the M&A team.

Participants in the seminar acknowledged that they could be accused of special pleading. But the idea that an earlier and more careful examination of the people and cultural issues would help improve the success of acquisitions seems persuasive.

Financial and business criteria provide the necessary, but not sufficient, preconditions for a successful acquisition, according to the London Business School study. Once the company has been acquired, it is then almost entirely dependent upon its people to make it live up to expectations.

\*Available from EIU, 15 Regent Street, London SW1Y 4LR. Price £35.

# Poor odds on the takeover lottery

JOHN KAY



There have been four great merger booms in Britain this century. The first followed the development of mass production techniques which increased the efficient size of manufacturing plants and firms. Many of Britain's leading companies today, such as ICI and Unilever, are products of the wave of mergers which followed.

The next was in the 1960s, when concentration at home was seen as a response to growing competition overseas. It rarely was, and few of the companies created then - such as British Leyland or ICI - enjoyed the success their promoters had looked for.

The aftermath of those years itself developed to the theme of the 1980s' merger boom. The issue was no longer size and scale, or the development of national champions; it was releasing value. A different management team could make more of the same assets, whether through acquisition or buyout. Hostile bids, unknown before the 1960s and rare even then, became routine - Burtons bought Debenhams, Guinness won Distillers. Sir James Goldsmith failed to take BAI.

But for the mergers and acquisitions of the 1990s, the argument is different yet again. The emphasis is on partnerships and alliances, integration and related diversification, on industry restructuring. Strategic logic is the key buzz word.

The reasons for mergers may vary, but the response remains the same. And you need only look at the grin on Gerry Robinson's face to see why. For the modern manager, only acquisition reproduces the thrill of the chase, the adventures of military strategy. There is the huzz that comes from the late-night meetings in merchant banks, the morning conference calls with advisers to plan strategy. Nothing else puts your picture and your pronouncements on the front page, nothing else offers so easy a way to expand your empire and emphasise your role.

economists in the mid-1960s, who created the concept of "the market for corporate control". In this market, the right to manage corporations was a commodity for sale to the highest bidder, and as in any other market this process led resources to be deployed in the most efficient of all possible ways.

Yet there are at least two reasons why the analogy between the market for corporate control and the market for other goods and services does not really apply. One of the attractions of competitive markets is the pressure they create for gradual improvement and gradual correction. If your product is good, you gain market share, and that stimulates others to follow; if it is not, you lose market share and there is an immediate, and

growing, need to respond. The market for corporate control is not like that at all. Control, unlike market share, is an all or nothing business. So Distillers could wallow in complacency for 30 years until, in 1986, everything changed. There is no chance as there is in the detergent market to buy a bit more of Gerry, a little less of Rocco, and see how it works out; suddenly, Rocco is out and Gerry is in. The evolutionary process of the competitive market is replaced by the cataclysmic upheavals of the takeover process.

And that leads to the second important difference. Markets work best when there is symmetric information - when buyers and sellers are more or less equally well-informed about what it is they trade. The markets for used cars

and life insurance never seem to work as well as they should - they are archetypes of asymmetric information. And so is the market for corporate control. Incumbent management always knows more about what is for sale than the potential purchaser. Even the most of managers is better informed about his business than someone who has never been inside it.

And that is why, like used car trading, the market in second-hand companies is rarely efficient. Successful bidders are often only the people who were willing to pay too much - that is the reason why their bid succeeds. At the same time, good buys may be ignored because there is no way the potential purchaser can be confident that he really is making a good buy.

So companies get taken over that should stay independent, and companies stay independent that should be acquired. The largely random incidence of the takeover process means that it is very far from being the source of corporate accountability and effective discipline on management behaviour that the textbook model of the market for corporate control suggests.

And that is why the success record of acquisition activity, taken as a whole, is such a disappointing one. There are several ways in which the results can be assessed. Stock market studies show that, while takeovers certainly benefit owners of the acquired company, they do little for the acquirer.

Analyses of pre- and post-merger profitability fail to come up with net gains. Corporate histories show that companies divest a high proportion of what they buy. And the simple subjective test of asking firms whether they thought their purchases had or had not been successful comes up with no more than a 50/50 response.

There are particular acquisitions which have yielded indisputable benefits - such as the transformation of Distillers, or some of the under-managed companies bought by Hanson. An activity can be unprofitable on average and yet produce many individual successes. The national lottery is built on just such a principle. As Camelot reminds us each week, it could be you. But mostly it isn't.

**Successful bidders are often only the people who were willing to pay too much. At the same time, good buys may be ignored because there is no way the potential purchaser can be confident that he really is making a good buy**

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in the  
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(Law 2206/1994 Government Gazette 62A/1994)

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2 AMERIKIS STR.,  
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105 64 - ATHENS - GREECE

TEL: 32 21 239 FAX: 32 32 605



# Small victory in battle over lottery

Antony Thorncroft on who gets what from the latest Arts Council grants

The arts have been saved from potential crisis - once again. A powerful rear-guard action by Lord Gowrie, chairman of the Arts Council of England, and his secretary general, Mary Allen, has clawed back most of the £20m cut in the 1996-97 grant for the arts contained in the last Budget.

The Treasury, ignoring government pledges that the additional money coming to the arts from the National Lottery would not be used as an excuse to reduce core funding, pushed through a 2.7 per cent reduction in the ACE budget, to £186.1m.

So appalled was Lord Gowrie that he refused to distribute his grant among the council's 170 clients and called for talks with Virginia Bottomley, the heritage minister. Yesterday Lord Gowrie announced that an additional £4.3m was available for the arts, to take account of the greater admin-

istrative costs the ACE carries in supervising lottery applications.

The ACE has also released £1m from its contingency fund. The result is that most of the council's clients, from the Royal Opera House Covent Garden with its £15m to the Notting Hill carnival bands with £100,000, will receive stand-still grants for 1996-97.

For most arts companies this will be the fourth successive year of frozen funding, which amounts to an 8 per cent decline in their grant in real terms. The ACE has recognised that some companies are in dire peril, and has given additional money. The main beneficiary is the Donmar Warehouse in Covent Garden which, in spite of an impres-

sive creative reputation, was near to closing after the withdrawal of its sponsorship funding. It receives a one-off grant of £150,000 from the council.

Other companies to gain are the City of Birmingham Symphony Orchestra, which gets £75,000 more at £1.22m, and the Bournemouth Orchestra, up £75,000 to £1.66m. There are also small rises for the LSO, the LPO and the Philharmonia in London, and the Northern Sinfonia, reflecting the difficult financial climate for orchestras.

The council has developed national strategies for music and dance and they benefit more than drama from the limited sum avail-

able for extra funding. English Touring Opera receives £75,000 more and there are grants for chamber orchestras such as City of London Sinfonia, Sinfonia 21, the London Mozart Players and the Orchestra of St John. Among the dance companies, Siobhan Davies receives a rise of more than 45 per cent to £226,000, and there is £100,000 available to promote dance in London.

"This is a rescue operation that cannot be done again," Allen said yesterday. Next year the ACE faces another reduction in its basic grant. But by next year the £300m which the arts receives in lottery funding should be making an impact.

The most significant and encouraging oews for the arts came on Monday when the heritage minister announced more flexibility in the use of lottery money.

In theory it can still go only towards capital rather than revenue projects. But these have been widened to include the cost of artistic commissions, grants to talented young artists performers and to increase access to the arts among the young and pensioners through subsidised ticket prices. It also includes a stabilisation fund which will give one-off grants to enable arts companies to push through strategic changes that will improve their financial situation.

It is possible that within a year

the ACE will be distributing around £50m of lottery money to applicants in these areas. So theatres keen to commission new plays, orchestras seeking to perform to capacity houses, and arts educational projects could be attached to a substantial cash life-line by next year.

There should also be some signs of the gains to revenue funding which follow from the new capital projects funded by the lottery, from better seating, to computerised box offices, to shops and bars.

The impact of the lottery on the arts, however, is slower than anticipated. Allen said that although the Arts Lottery Board had committed around £250m to successful appli-

cants, only £16m had actually been handed over. There were still problems about matching funding and ensuring that proposed schemes were financially water tight.

"This is not good news but an account of an aversion of disaster," Lord Gowrie said. "We are going into battle already to prevent a further cut next year." But it is unlikely that Bottomley, or her successor, will be quite so amenable about re-assessing the grant next November.

By then the hope must be that the money coming into the arts through the lottery will be starting to transform the UK into the cultural dynamo of the world.

As Lord Gowrie pointed out yesterday, the arts, along with its bedfellows in the media and tourism, is already the third biggest industry in the UK, the hope for the future for many former industrial cities.

# When the bat met a bright butterfly

Paul Betts visits the Frick to find an exhibition celebrating the 19th-century dandy centred on one of Whistler's most famous paintings

Feeling somewhat mauve after a long transatlantic flight, I revisited this week the Frick Collection in Manhattan to restore my spirits and stumbled on to an enchanting little exhibition devoted to the Mauve Decade in France, England and America.

Called The Butterfly and the Bat, the show is based around one of the Frick's famous paintings: the portrait "Arrangement in Black and Gold". The painting is a depiction of the fin-de-siècle French poet, boulevardier and supreme dandy Count Robert de Montesquiou by the equally dandy American expatriate artist James McNeill Whistler.

The butterfly refers to the familiar insignia Whistler used to sign his works, reflecting the artist's aesthetic credo of delighting with the beauty of his art. However, he also added on occasion a stinging scorpion's tail to his butterflies, reflecting his dark side.

The bat was adopted by Montesquiou as his personal emblem together with the blue hydrangea because, in his own words: "I felt this refractory plant associated with this rebellious bird would dominate my life, because the two together would make use of me, for the one, in its abnormal azure blue, and the other, in its colourless anxiety... represent the double sign of the joining of *Dissimilarity* and of *Melancholy*..."



P. Hellen's 'Portrait of Whistler' 1897

world of grand aristocrats and upper bohemia, of salons and art studios.

Munhall organised a similar exhibition 10 years ago and wrote a book around another great painting in The Frick Collection, the portrait of Comtesse d'Haussonville by Ingres.

*'The aristocratic pursuit of displeasing' was a mission*

This exhibition, scattered around five galleries in the Frick's Fifth Avenue mansion, examines the wider context of Whistler's portrait, using the picture as the basis of a broader sociological survey of the attitudes and style of an age.

This is reinforced by the show's catalogue which is an illustrated social history by Edgar Munhall, the Frick's curator, of the fin-de-siècle

Thus one of the galleries is devoted to an exhibit of clothes and accessories favoured by the dandy, including a copy of the Chinchilla cape - made specially for the show by Revillon of New York - which the languid figure of Montesquiou carries over his arm in the Whistler portrait.

The cape belonged to the Comtesse Graffule, the reigning queen of Parisian society at the time, a life-long confidante of the Count and considered the most beautiful woman in Europe by Proust.

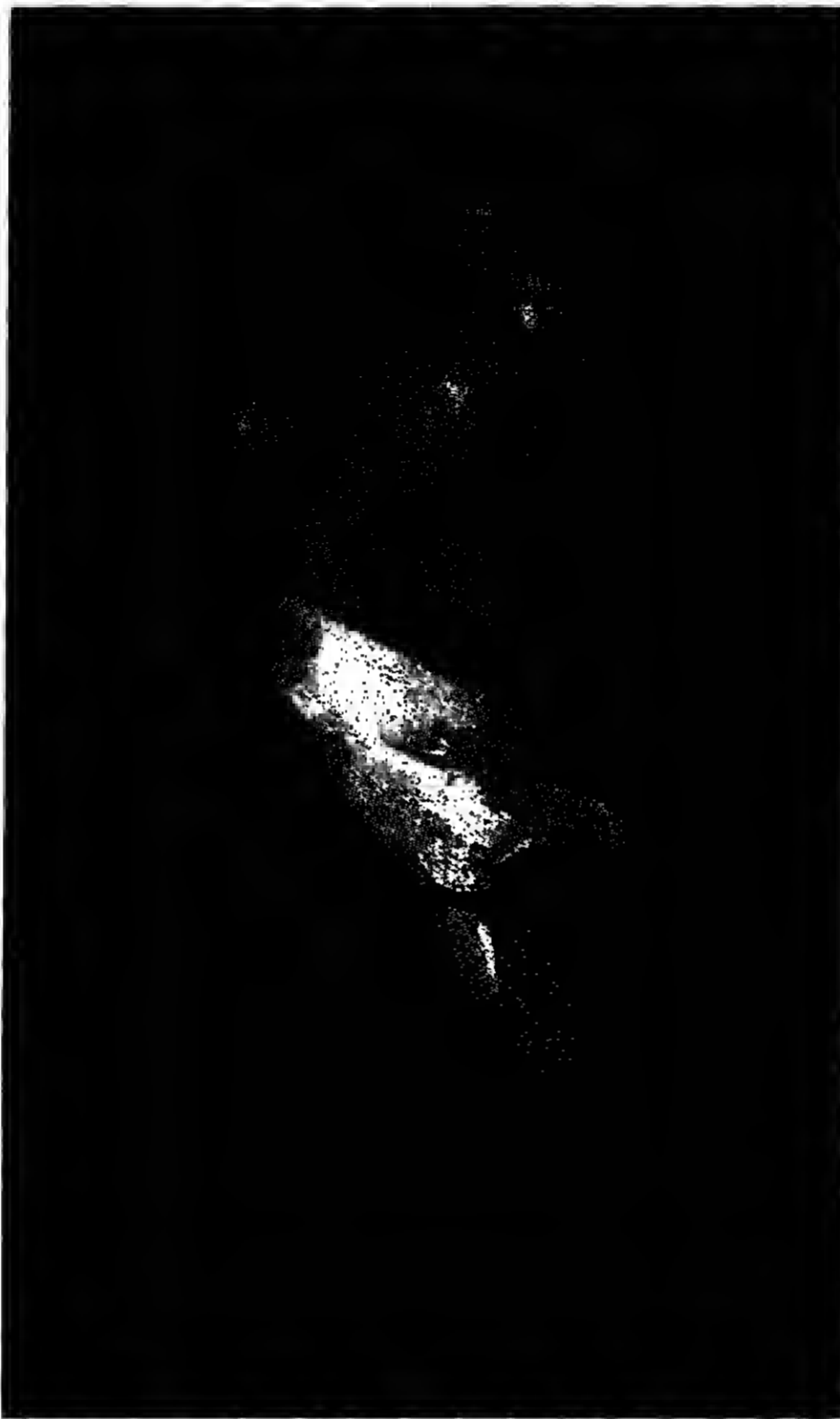
Proust used the dandy Count, and the Comtesse as models for characters in his *A la recherche du temps perdu*.

For Montesquiou the nature of his clothing was only a manifestation of his aesthetic preoccupations, whether it be his handwriting, the decoration of his homes or the binding of his books. The exhibition underlines all this, echoing Baudelaire's definition that "Dandyism is not, as many unreflecting people seem to believe, an immoderate taste for dress and material elegance. Those things for the perfect dandy are only a symbol of the aristocratic superiority of his mind and the only exercises proper for strengthening the will and disciplining the soul."

Baudelaire - a dandy himself for a short while - went on to say that for the dandy "the aristocratic pursuit of displeasing" was a mission. And certainly both Montesquiou and Whistler, to a lesser extent, were out to unsettle and provoke by using their armoury of wit, costume and artistic endeavour.

Whistler's portrait of Montesquiou was no exception. From the beginning it excited scandal and controversy.

The present show will continue to have an impact well after it closes thanks to Munhall's enlightening study. Anybody who has seen it or read the book will look upon



Whistler's 'Arrangement in Black and Gold' of Count Robert de Montesquiou

Whistler's famous "black portrait" with a more understanding eye and perhaps re-assess the conventional view that dandyism is simply a frivolous pursuit.

It may well be so but there is nothing frivolous about Whistler's "Arrangement in Black and Gold". Whistler was quite obsessive about his portraits and trampled with his subjects. Montesquiou complained

of being "drained" by the artist during the long posing sessions. But he also recalled in his memoirs the "most beautiful" phrase ever spoken by a painter: "Look at me for an instant longer, and you will look forever."

The great portrait will continue to hang in the Frick's Oval room past the garden court with its fountain and spitting frogs and Manet's

"Bullfight" tucked away in one corner behind the palms.

Whistler and Montesquiou, The Butterfly and the Bat, by Edgar Munhall, published by The Frick Collection/Flammarion (\$45 hardback, 175 pages). The Frick Collection, 1 East 70th Street, New York, NY. The exhibition runs until Sunday, January 28; Flammarion, 28, rue Racine, 75006 Paris.

# Music / Adrian Jack

## Beethoven cycle

Barely a week after the Lindsay Quartet completed their trawl through Beethoven's complete string quartets at the Wigmore Hall, London, has been offered another cycle by the Emerson String Quartet.

Unlike the British players, the American Emersons are playing the quartets in some chronological order, in each of the first three concerts, they have included two of the Opus 18 set and one of the "Rasumovsky" Quartets, Opus 59, and in the opening programme we had the third and first of Opus 18 and the first "Rasumovsky".

If a less than capacity audience for these fine players suggested people thought the earlier works of slighter interest, it was a pity. And there was ample contrast between the shining and lyrical D major quartet, Opus 18 no 3, and the gruff, more muscular F major work which comes first in the cycle.

These are rough generalisations with which anyone might take issue, for the F major Quartet has the more serious and expressive slow movement, whose most intense passage at the end the Emersons charged with such voltage that we hardly dared breathe.

The players arranged themselves, after the American fashion, with the viola player on the audience's right and the cellist behind him and the two violinists. The outermost players sat three-quarters facing the front, emphasising that this was a public performance as well as a conversation among themselves. In both Opus 18 works, Philip Setzer

took first violin and appeared very much to lead.

In the first "Rasumovsky" Setzer switched places with Eugene Drucker. Drucker seemed the less forceful player, yet it was hard to tell, for if he had seemed a shade discreet in Opus 18, here he was pushed, it seemed, to his limits and his brow was wet by the end. He did well - and better than well - as did the whole quartet.

The viola player was commanding, not encumbered by any of the awkwardness under which the instrument sometimes labours, and the cellist had a big and lovely sound - the whole instrument resonated with surprising immediacy, as if of its own accord.

In the first "Rasumovsky" there was the usual unfocused tuning on the penultimate note of the opening phrase, both when he introduced it and again when all the players restated it near the end of the movement but there was little curled intonation apart from that, or garbled rhythms - hardly grounds for quibbling in what were not so much "interpretations" as absorbing experiences.

There is a prejudice that technical excellence is hard to match with expressive depth, as if to say that you have to be a bit scratchy and ragged to be profound. The Emersons showed that Beethoven can be played with polish and not seen superficial.

Further concerts in the cycle at the Queen Elizabeth Hall tonight, January 28, February 30, February 1 and 2. All at 7.45pm.

## NPG goes for cash

The National Portrait Gallery this week made its £10m bid for lottery cash. It is applying to the Heritage Lottery Board for support in a planned £4.5m re-development. This is designed to refresh the gallery's entrance hall; install an escalator to transport visitors to the under-visited top floors; create a roof-top café with panoramic views; and build a lecture theatre.

The most interesting feature of the plan is the co-operation with the adjacent National Gallery. The NG's director, Neil MacGregor, has agreed to waive his right to ancient lights over the courtyard between the two galleries, which will provide much of the

extra space. In return, the NG will gain a row of narrow galleries in the NPG overlooking St Martin's Place, which it will use to show small paintings.

If the scheme goes ahead there will be extra space to show 150 more paintings, concentrating on the Tudor period. The NPG displays 1,360 works from a collection totalling 9,500 portraits. In 1993 the NPG completed a £12m development, adding a library and offices and freed up space for the popular 20th-century gallery.

The architects are Jeremy Dixon and Edward Jones, and if all goes to plan the bigger and better gallery will be ready by January 2000.

A.T.

**INTERNATIONAL ARTS GUIDE**

**AMSTERDAM**  
CONCERT  
concertgebouw  
at: 31-20-5730573  
Koninklijk Concertgebouworkest.  
1th conductor Hans Vonk, the clarinetists Kamerkoor and tenor surance Data perform Debussy's 'Trois Nocturnes', Escher's 'Unifers a Rimbaud' and R. Schumann's 'Symphony No. 4'; 8.15pm; Jan 31; sb 1, 2

**BERLIN**  
CONCERT  
concerthaus  
at: 49-30-203092100/01  
Sinfonieorchester der Hochschule Musik Hanns Eisler Berlin; with conductor Hans Vonk, the clarinetists Kamerkoor and tenor surance Data perform Debussy's 'Trois Nocturnes', Escher's 'Unifers a Rimbaud' and R. Schumann's 'Symphony No. 4'; 8.15pm; Jan 31; sb 1, 2

**FRANKFURT**  
EXHIBITION  
Jahrhunderthalle Hoechst  
Tel: 49-69-3601240  
● Horst Antes. Werke aus der Sammlung Etta und Otto Stangl; exhibition devoted to Horst Antes, one of the leading figures of the West German art scene at the beginning of the 1960s. The display presents several works as proof of

and Stravinsky's 'Petrushka'; 8pm; Jan 30  
OPERA & OPERETTA  
Komische Oper Tel: 49-30-202600  
● La Traviata; by Verdi. Conducted by Shao-Chia LU and performed by the Komische Oper. Soloists include Nadelmann, Küttenbarm, Fedin and Dobber; 7.30pm; Jan 29

**BONN**  
DANCE  
Oper der Stadt Bonn  
Tel: 49-229-7281  
● Ein Sommernachtsstraum: a choreography by Youn Yuhons to music by Mendelssohn, performed by the Ballet Bonn. Soloists include Nastcha Hofmann-Sitkova and Alexej Moussatov; 7pm; Jan 27

**DRESDEN**  
DANCE  
Sächsische Staatsooper Dresden  
Tel: 49-351-49110  
● Rot und Schwarz: a choreography by Uwe Scholz to music by Berlioz, performed by the Ballet Dresden. Soloists include Margaret Bitters, Carole Arbo and Vladimir Deraviano; 11am; Jan 28, 31 (7pm)

**LOS ANGELES**  
CONCERT  
Schoenberg Hall  
Tel: 1-310-825-2101  
● Los Angeles Guitar Quartet perform works from their new release 'Labyrinth'; 8pm; Jan 27

**MADRID**  
EXHIBITION  
Fundación Juan March

his successful endeavor to break up with traditions and create something new. The exhibits survey almost 30 years of Antes' artistic achievements and include among others his colorful Maja works; from Jan 28 to Mar 17

**LONDON**  
CONCERT  
Wigmore Hall Tel: 44-171-9352141  
● Borodin String Quartet perform Barber's 'Adagio for Strings', Shostakovich's 'String Quartet No.3 in F' and Schubert's 'String Quartet No.14 in D minor (Death and the Maiden)'; 7.30pm; Jan 30  
● Malcolm Binns: the pianist performs Chopin's 'Barcolle in F sharp Op. 60', '12 Etudes Op. 10', 'Nocturne in C minor Op. 48 No.1' and '12 Etudes Op. 25'; 7.30pm; Jan 29  
DANCE  
Royal Opera House - Covent Garden Tel: 44-171-3044000  
● The Sleeping Beauty: a choreography by Petipa to music by Tchaikovsky, performed by The Royal Ballet. Soloists include Sylvie Guillem and Jonathan Copes; 7.30pm; Jan 29, 31; Feb 1

**MILAN**  
THEATRE  
Teatro Carcano Tel: 39-2-35181377  
● Uno, Nessuno e Centomila by Luigi Pirandello. Directed by Marco Mattioli and performed by the Teatro Carcano. The cast includes Flavio Bucci, Claudio Angelini, Stefania Barca and Pietro Montandon; 8pm, Sun 3.30pm; from Jan 30 to Feb 18 (not Mon)

**MUNICH**  
CONCERT  
Nationaltheater  
Tel: 49-89-21851920  
● Bayerisches Staatsorchester; with conductor Gennady Rozhdestvensky perform Haydn's 'Symphony No.72 in D', Shostakovich's 'Violin Concerto' and Tchaikovsky's 'Symphony No.5'; 8pm; Jan 28 (11am) , 29, 30

**NEW YORK**  
CONCERT  
Avery Fisher Hall  
Tel: 1-212-875-5030  
● New York Philharmonic; with

conductor Kurt Masur, violinist Cynthia Phelps, trumpeter Philip Smith and cellist Lorne Munroe perform Shostakovich's 'Violin Concerto', Chaynes' 'Trumpet Concerto' and R. Strauss' 'Till Eulenspiegels lustige Streiche'; 8pm; Feb 1, 2, 3  
JAZZ & BLUES  
Blue Note Tel: 1-212-475-8582  
● Grand Slam and Monty Alexander Trio; two performances on one evening. The performance by Grand Slam, featuring Jim Hall, Joe Lovano, Christian McBride and Lewis Nash, is followed by that of the Monty Alexander Trio, in which Monty Alexander, Ira Coleman and Dion Anthony join forces; 8pm & 11.30pm; from Jan 30 to Feb 4  
OPERA & OPERETTA  
Metropolitan Opera House  
Tel: 1-212-382-6000  
● Il Barbiere di Siviglia; by Rossini. Conducted by Adam Fischer and performed by the Metropolitan Opera; Jan 27

**PARIS**  
CONCERT  
Théâtre des Champs-Élysées  
Tel: 33-1-49 32 50 50  
● Ruggiero Ramondi; accompanied by pianist Anne-Marie Fontaine. The bass performs works by Bellini, Ibert, Mussorgsky, Duparc, Faure, Mozart and Ravel; 8.30pm; Jan 29  
Théâtre du Châtelet  
Tel: 33-1-40 28 28 40  
● Orchestre de Paris; with conductor Semyon Bychkov and violinist Madm Venogorov perform Mendelssohn's 'Violin Concerto No.2' and Stravinsky's 'Le Sacre

du Printemps'; 11am; Jan 27

**STUTT GART**  
CONCERT  
Staatstheater Stuttgart  
Tel: 49-711-20320  
● Staatstheater Stuttgart; with conductor Gabriele Ferro and violinist Vidor Nagy perform Bartók's 'Violin Concerto', Bruckner's 'Symphony No.1', and the world premiere of Mikko Kalemén's 'Für Anton'; 11am; Jan 28, 29 (8pm)

**VIENNA**  
OPERA & OPERETTA  
Wiener Staatsoper  
Tel: 43-1-514442950  
● Manon; by Messenet. Conducted by Iain Latham-Körig and performed by the Wiener Staatsoper. Soloists include Elizabeth Norberg-Schulz and Kurt Rydl; 6.30pm; Jan 30

**WASHINGTON**  
OPERA & OPERETTA  
Eisenhower Theater  
Tel: 1-202-467 4600  
● Verlobung im Traum; by Krása. Conducted by Israel Ylino and performed by the Washington Opera; Jan 30; Feb 1

**ZURICH**  
CONCERT  
Opernhaus Zürich  
Tel: 41-1-268 6886  
● Orchester der Oper Zürich; with conductor Franz Weiser-Möst, soprano Inga Nielsen and mezzo-soprano Cornelia Kallisch perform works by Beethoven and Messiah; 7.30pm; Jan 27

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COMMENT & ANALYSIS

LETTERS TO THE EDITOR

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Philip Stephens

New suits, old strains

The furore over Harriet Harman's choice of school for her son demonstrates that strife is within, rather than between, parties

For 18 months Tony Blair has been wrenching his party from its tribal roots. He has been teaching New Labour a new language. The individual counts. Rights imply responsibilities. Markets and competition equal prosperity. The middle classes are there to be courted rather than courted. It is colleagues, nowadays, not comrades.

ing with the real world as it exists while wanting to change it for the better. Pretty obvious really. If not, what on earth are politicians for? Grammar schools are an obsession of London's middle classes, journalists and politicians pre-eminent among them. They are not a serious issue in British politics. For all the talk of choice and diversity, I heard not a single sensible voice this week call for a return to examination-based selection for 11-year-olds.

Labour leader. For John Major, it has been the best since his victory in last summer's Tory leadership contest. We must assume that Mr Blair will be drawing some obvious lessons. He cannot afford another row like this. Saving Ms Harman exhausted much of his credit with the parliamentary party. Resentment at the way policymaking seems to be concentrated in the hands of a small group around the leader spills out beyond the hard left.

rough in government? What will the party do when Chancellor Gordon Brown looks at the Treasury books and finds he must cut welfare spending? Serious Conservatives understand also that attack is their only defence. Forget the guff about competing visions of enterprise and stakeholder economies. If Mr Major has a chance left, it lies in persuading the electorate to fear Labour more than it despises his government.

But for every diehard socialist still crunched on the Labour benches at Westminster, perhaps two others have been swapping picket-line anoraks for the smart suits of social democracy. Mr Blair was winning, and decisively so. Until this week, that is.

Television has subtly altered the distribution of power. Instant access to studios gives relatively small groups of MPs the capacity to wreak havoc

The remorseless expansion of television has subtly altered the distribution of power at Westminster. Instant access to the studios gives relatively small groups of MPs the capacity to wreak havoc. Aided and abetted by the mutters in the shadow cabinet, the Labour left this week simply slipped into the shoes of the Tory Eurosceptics.

For seven years now we have witnessed the fracturing of the Tory party. By breaking with Clause 4 socialism, Mr Blair is imposing similar pressure on the Labour coalition. Of course, the strains are barely evident yet. But he must accept that a sizeable minority in his party will never be comfortable with social democracy.

Russia holds key to relations with Baltic states

From Mr J. Lúsis. Sir, John Lloyd writes ("The reform of Russia: for worse, for better", January 24) writes: "Russia is indeed limited, constrained and cramped; by the new states all about it, which include the three small Baltic countries whose rhetoric and sometimes actions are at best cold..."

There is, however, a different perspective. The Baltic states are not "new" states, but rather countries which have regained their independence after 50 years of Soviet occupation.

principles of international law. In the past four years, Latvia and Russia have signed a series of significant treaties, which have created a stable foundation for the further development and deepening of relations.

on the actions of Russia towards its sovereign neighbour. Any attempt by Russia to retain Latvia in its sphere of influence, or in any way threaten Latvia's sovereignty, will not in any way foster the development of positive bilateral relations.

Looniness in the City View of pensions is unfortunate

From Dr Arne-Carole Chamier. Sir, I'm not an economist, nor a financial whizz. I'm an impoverished scientist. But I can see a huge question-mark hanging over the Granada/Foris takeover.

From Mr Jonathan D.H. Callund. Sir, Your article on the Chilean AFP (private pension funds) system "Chile's private pension funds, fêted abroad, maligned at home" (January 18) has caused some misunderstanding in the Chilean and other international media.

understood. The negative returns in 1995 led to a proposal in Congress for a special inquiry. This was fortunately quashed. After all, one bad year after 14 years of positive returns should certainly not give cause for alarm.

actuarial and regulated interest). It should be noted, however, that less than 80,000 of some 200,000 people who have retired under the AFP system have opted for a programmed withdrawal.

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Europa Janusz Reiter

Poland's search for allies

The west should stand up to Moscow and bring central European countries into Nato. At present one can only speculate as to whether Mr Yevgeny Primakov, the Russian foreign minister, is the man who will bring to an end the pro-western episode in Russian foreign policy which started in the late 1980s.



Opposed: Alexander Kwasniewski, left, and Yevgeny Primakov

Poland immediate accession to the EU rather than to Nato? There is another important issue: the attitude of Poland itself. How determined is Poland to achieve its goal? At times this question contains the assumption that the election of the post-Communist Mr Alexander Kwasniewski as president might signal a mood swing.

The author was Polish ambassador in Bonn from 1990 to 1995 and now heads the Centre for International Relations at the Institute of Public Affairs in Warsaw.

FINANCIAL TIMES

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Friday January 26 1996

# Russia steps backwards

Westerners with an interest in Russian economic success must come to terms with the fact that the country has effectively acquired a new government - with new priorities. They should not cling to the hope that the shifts in policy and personnel since the December parliamentary elections only signal changes in style, not substance.

President Boris Yeltsin has sought to encourage such wishful thinking, repeatedly reassuring investors and International Monetary Fund officials that the core of his economic policy remains unchanged. But his soothing words were yesterday drowned out by his appointment of Vladimir Lukin, a hardline critic of the reforms, to the post of first deputy prime minister in charge of the economy.

His predecessor, Mr Anatoly Chubais, was the most widely respected and successful proponent of economic stabilisation in the cabinet. His survival owed much to a willingness to reach messy, often risky compromises with his opponents. But he was at least distinguished from many colleagues in his belief that messy reform was better than none.

It was Mr Chubais's recent "flexibility" in agreeing to a range of opaque and highly unpopular privatisations in the energy sector that provided Mr Yeltsin with a popular excuse to sack him. But there is little evidence to suggest that the new cabinet members will be any more committed to transparency and economic pluralism in the microeconomic realm - quite the reverse.

Observers have always expected some loosening of the macroeconomic reins in the lead-up to the presidential election. The issue was whether this would be large enough to derail the economic pro-

gramma, just as it is beginning to bear fruit.

On the face of it, Mr Yeltsin's promise that the government will start paying its bills, along with the pension increases announced yesterday, are responses to legitimate popular grievances about the inequitable and ad hoc way in which the government has reined in spending. A certain amount of such extra government expenditure could have beneficial social effects, without jeopardising the goal of low inflation, though only if it is bond-financed.

Fixed band

Yet Mr Yeltsin's decision to put the head of the ailing automobile giant, AvtoVAZ, in charge of economic policy raises fears of still greater slippage, for the benefit of the overmanned military-industrial complex. Mr Lukin has said he wishes to strengthen domestic industries. He also spent much of last year bemoaning the effects on competitiveness of the sharp real appreciation of the rouble. The worry must be that these words will mean a resumption of large inflationary subsidies to industry and, possibly, an abandonment of the successful attempt to hold the rouble within a fixed band.

The Russian economy would still be paying the price of such a reversal long after the presidential election was won or lost. Possibly, the immediate effects on the government's credibility in financial markets and with outside institutions, such as the IMF, would be enough to make Mr Yeltsin reconsider. But, as of yesterday at least, such people should be wary of putting too much faith in Mr Yeltsin's very questionable economic judgment in the run-up to the election.

Recent events do not mean that the Russian economy is doomed to plunge back towards hyperinflation, or that the mistakes and great excesses of the past will necessarily be repeated. But no-one should discount the possibility. Nor, most importantly, should they continue to presume that Mr Yeltsin should be supported at all costs, on the assumption that the West's interest in a stable, pluralistic, market economy in Russia is one that he - and his alone - shares.

# Latin America's corrupt politics

The image of corrupt Latin American politicians reinforces a stereotype of the region. But the emergence of the scandals of recent years is, in fact, rather encouraging. They show that plenty is still wrong. But the fact that more are emerging into the open - the latest has Colombian President Ernesto Samper fighting claims he knew cocaine money financed his 1994 election campaign - is a sign that democratic institutions are sputtering into life.

Latin American states have been dressed up as democracies since independence from Spain. But, for the majority, these democratic trappings used to belie reality. That is now slowly changing. Latin America's press, radio and television, its judicial systems and its civil societies are increasingly asserting their independence, making politicians accountable for their actions for the first time.

The development is slow and uneven. In some countries, alleging corruption has become a part of the political game. The regular efforts by Congress to impeach ministers in Ecuador makes the country almost impossible to govern. There are countries, such as Peru, where checks on the executive hardly exist. Even in Chile, the army is often above the law and the head of the armed forces does not report to the president.

Change is not happening instantly. Most Latin American countries may now have experienced more than a decade of unbroken rule by elected governments. But modern institutions do not magically emerge at the moment an elected government takes power. And while ceding state control over the economy gives politicians less room for corruption, economic reform itself, in particular privatisation, has provided opportunity for corruption on a grand scale.

Similar scandals

A particular reason why the corruption scandals are emerging now is that many senior politicians began their careers in a different political landscape. This is not a uniquely Latin American phenomenon. Similar scandals have emerged in

South Korea, Italy and Japan. Fernando Collor of Brazil, forced out of office by a corruption scandal, looked the very model of a modernising president, but he emerged out of the Jurassic swamp of politics in the north-east. Similarly, whatever may be the merit of the corruption charges he faces, former President Carlos Andrés Pérez of Venezuela, was first president in the 1970s when government's chief job was to share the spoils of oil revenues.

Autocratic tradition

No charges have been laid at the door of former President Carlos Salinas of Mexico, who fell from grace only after stepping down from office. But his brother is in jail facing charges of murder and illicit enrichment, and his own record in office is badly sullied. Mr Salinas did attempt to modernise the economy, but tried to avoid a parallel political opening. He was thus firmly - more firmly than many foreign supporters realised - in the autocratic tradition of the Institutional Revolutionary party, which has ruled Mexico for 67 years, in which his family had been long embedded and through whose ranks he rose.

The accusations against President Samper emphasise the infiltration into Latin American politics of money from drug traffickers over the last decade. This development undermines trust in democratic institutions, and intimidates and suborns those honourable men and women who would resist it. Unfortunately, little, except perhaps the increasing demand in the US for synthetic substitutes for cocaine, suggests these pressures will decrease.

Yet Colombia's institutions are strong enough, as were those in Brazil and Venezuela, to survive a presidential resignation. And Mr Samper's experience also suggests it would be political suicide for future Colombian presidential candidates to use drugs money in their campaigns.

Corruption may remain a fact of life in Latin America, as elsewhere, for some time. But since politicians have fewer opportunities for self-enrichment and run more risk of being found out, the problem should steadily diminish.



The FT Interview · Douglas Warner

# Recasting the House of Morgan

As J.P. Morgan shifts from wholesale lender to integrated investment bank, its chairman talks to Peter Martin and Richard Waters about the future

The New York rain is lashing against the windows of 60 Wall Street. Douglas Warner does not let it disturb his concentration. The chairman of J.P. Morgan, known as Sandy to his colleagues, ponders a question that has obviously come as a surprise. People say he's tough - is he?

He starts his answer hesitantly: "I have a real passion for what this place stands for." He sketches out what that means, gaining confidence from the familiar words: quality, values, "the intensity of effort required to operate on a global scale." By now, his tone of voice offers little sympathy for anyone who does not share his convictions. "That comes through in a commitment, a desire to win - though winning is not a 'win at all costs' idea."

As Mr Warner supervises the final, most difficult stages of J.P. Morgan's shift from wholesale lender to integrated investment bank, that is exactly the balance he must strike. Morgan is now on the home turf of such famously aggressive firms as Goldman Sachs, Salomon Brothers and Merrill Lynch. Competing with them will take all Mr Warner's desire to win; but to retain the loyalty of its blue-chip clients, the bank cannot simply "win at all costs."

Still, Morgan's transformation has so far been more successful than even its architects had hoped. Only a few years after starting to underwrite US corporate bonds, and entering the US equity markets, and competing to advise on mergers, Morgan is a significant force in all three areas. Now Mr Warner, chairman for just over a year, must bring acceptable levels of profit from the new businesses.

Before the securities law reforms that followed the 1929 stock market crash, Morgan was both commercial and investment banker. The reforms cut the house in two, dividing it into Morgan Guaranty Trust, a commercial bank, and Morgan Stanley, then as now an independent investment bank.

In 1979, Morgan Guaranty started rebuilding the skills it had surrendered. The law still barred it from investment banking in the US, so Morgan learnt the trade in London, in the Euromarkets.

"That was the point at which we began to develop the skills in earnest," says Mr Warner. "We began to think of solving our clients' financial needs with a whole new set of capabilities."

That project - symbolised by the re-adoption of the J.P. Morgan name - is now yielding fruit as banking restrictions ease. In 1989 it was allowed to underwrite new issues of corporate debt; in 1990, equities.

That was "what really changed the way we think, the way we act," says Mr Warner. His tone, normally casual, acquires sudden intensity. Imagine, he says, discussing mergers with your client, "and when you get to the single most important thing to any chief executive - his equity - you can't do it! Think of the frustration and the inefficiency and the competitive disadvantage."

Now, he says, Morgan is two thirds of the way through developing its equity business. In the second half of last year, it was at least lead or co-manager in 20 per cent of all equity issues in the US. That is a good start; but the real rewards go to the handful of firms that routinely lead-manage the big issues. Moving up that ranking will be harder. But, says Mr Warner, "we're not trying to be number one in the equities business, we're trying to get the first call from our clients when they've got something interesting to do in the equity market."

To achieve that, Morgan has invested heavily in investment bankers and research analysts. And to justify those costs, the bank must get the "privileged dialogue" it seeks. Here is where Mr Warner's practical, nuts and bolts approach comes in. Establishing clients on "first call" status - ensuring they ring J.P. Morgan first - is more than an aspiration: it is now part of every Morgan banker's pay packet.

Mr Warner measures: "For how many of our clients did we know about their intention to do a deal before they did it? In how many of those cases did we get to make a serious proposal before they did it? And how many of those serious proposals did we convert into business?"

"When one of our bankers says, 'Warner, my client is first call' I can objectively evaluate whether that's true or not by seeing when the client does a piece of business. If he says the client is first call and we didn't know about it in advance there's something wrong. So we shoot for first call and we evaluate and compensate for that."

income nearly doubled to \$366m. Mr Warner is pleased, but eager for further profit gains. As it has built the new businesses, Morgan's return on equity, 13.6 per cent in 1995, has been below past levels. "Are we going to be content from a client point of view or a profitability point of view with the levels we achieved in 1995? No way. So we've got a ways to go."

Ha believes that profits will rise as the bank's new businesses mature. But what if continental Europe's universal banks buy their way in to the US, pushing down returns? Is it possible that we are looking not at a once-and-for-all transformation cost but a long process of industry-wide low returns? "I think that is a distinct possibility," says Mr Warner. "I think that the firms that will come out the other side of that with their strategies, client relationships and global capabilities intact will be the ones that focus intensely on areas of comparative advantage."

One of the bank's comparative advantages is reputation - but to some outsiders, that reputation took a knock in Spain in 1993. The bank's Cassa Fund (named after the great J.P. Morgan's yacht) took a big stake in Banesto, one of Spain's largest banks. Morgan drew up a restructuring plan and led a \$700m equity-raising issue. Only four months later, Spain's central bank took Banesto over, accusing its managers of overstating assets.

What are the lessons of that episode? Mr Warner's first reaction is a curious one for a bank renowned for prudence and conservatism: "Well, I hear where you're coming from," he says, "but don't be surprised again if we make a mistake because we're going to make them."

"In that particular instance mistake may be the wrong word. It was a high-risk deal going in and everybody knew it. Was that the outcome that we anticipated when we did the deal? Hell, no. Might it still work out, indeed is it on a pretty decent track right now? Yes. Was it a long-term investment always? Yes. Is the fundamental investment thesis that we had still intact? Yes."

Since then, he says, the bank has held postmortems, asking "what could we have done differently?". In this, and in other ways, Mr Warner stresses the need for continuous improvement in the way the bank works, emphasising speed, flexibility, and innovation - qualities not traditionally associated with the bank, perhaps, but ones he believes it has acquired in recent years.

Steps he has taken include cutting out management layers so that 150 people are only one level away from the chairman's office, and filling the bank towards a regional structure, not one based on global product lines. It is clearly these practical issues that most excite him. His predecessors had the "big idea", he says. "My challenge is an execution challenge - not cutting people's heads off but making things happen," he says.

He must do so against the background of an industry that may drastically change its shape from the pattern set in the 1930s. That period created the pure investment banks - the Goldmans, Salomons, Morgan Stanleys, which still dominate global investment banking.

Will there be any pure investment banks in five years time? Mr Warner answers with a single word: "No". Then: "They may be independent, but they will be in the commercial banking business, maybe in the insurance business, maybe in the technology business. I don't see anybody in the wholesale sector operating on the 1930s model indefinitely - with the possible exception of J.P. Morgan."

# OBSERVER

## Trade man trades places

It's a tolerably safe bet that no foreign diplomat has seen more of Britain than Roy MacLaren, who was yesterday named as Canada's next high commissioner in London. Moving to the UK at this stage was probably not MacLaren's first choice. Ottawa's indefatigable and widely respected international trade minister for the past two and a half years, he had apparently hoped to continue in that job for some time. But he made the elementary mistake of being honest with his boss.

MacLaren, 62, let it be known that he would not be standing in the next general election. Prime Minister Jean Chretien unexpectedly then turned around and suggested that MacLaren leave sooner rather than later as part of an extensive cabinet shuffle. His replacement in the trade portfolio is Arthur Eggleton, a former mayor of Toronto who has little international experience.

But MacLaren should not be too disappointed. He is at least something of an anglophile, ever since his days at Cambridge in the 1960s. His trim frame - usually encased in a waistcoat - is testament to his fondness for cycling and hiking. In 1984, he and his 500-mile companion completed a 51-day hike from Land's End to John O'Groats. Don't be surprised,

then, to see the new high commissioner occasionally eschewing his limousine in favour of pedal power.

## Champ dump

Puerto Rico, the US possession which can never make its mind up whether it wants to become a state of the Union, stands out for one thing. It produces more garbage per capita than the United States or the European Union. Its output of 2kg per person a day compares with 1.5kg in the US, and 1.1kg in Europe. At current rates the dump in San Juan, the capital, will overflow within two years. To save the dump from overflowing the government has started educating people on the need to recycle garbage.

But the price of success could be high. Puerto Rico could lose its title as the world's garbage champ.

## Fortified

Doubts may be growing about Sir Rocco Forte's bid to buy back the plum bit of his family's hotel empire, but one member of the family is determined to keep the Forte name going.

Alfred Forte, a cousin of Sir Rocco Forte, owns a 56-seat ice-cream parlour and snack bar in Berwick-upon-Tweed. "The business provides a good living but is very humble compared to the

## Tea in China?

British prime minister John Major's visit to Bangkok early next month for a meeting of European Union and Asian leaders has sparked plenty of chatter about whether he will meet up with Jiang Zemin, China's president, and even possibly go on to visit Beijing.

It would be odd if Major didn't sit down with Jiang in Bangkok to review progress on Hong Kong's

transfer to China, an event less than 13 months away.

## Down the pan

The US authorities have decreed that olestra, Procter & Gamble's new fat substitute, can go on the market provided it carries the warning that it may cause "abdominal cramping and loose stools".

P&G, one of the world's leading suppliers of adult incontinence products, will presumably be hoping for some corresponding additional movement in these sales figures too.

# Financial Times

## 50 years ago

Bretton Woods opposed  
A strong section of the Australian Cabinet is attempting to persuade the Government to refuse to sign the Bretton Woods agreement. It is authoritatively headed here. Consideration of the agreement was deferred after an attempt by Mr J.R. Chifley, Prime Minister, and Dr H.V. Evatt, Minister for External Affairs, to obtain its endorsement was defeated in the Cabinet by ten votes to seven. The main argument against the agreement is that it permits international interference in Australia's domestic policy and living standards.

Steel control in Canada again  
The re-establishment of the Canadian Steel Control with powers equaling those of wartime was announced to-day by Mr Howe to meet the emergency created by the American steel strike. Mr. Howe said that: if the strike was prolonged, the effect on Canada would be disastrous. One month's stoppage would virtually paralyse the Canadian economy, causing widespread unemployment.

No Finance Minister in France  
Difficulties in finding someone in France willing to take the post of Finance Minister delayed Cabinet making to-night and left France without a Government one week after General Charles de Gaulle's resignation.

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LEGAL DEFINITIONS

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LAWYERS FOR BUSINESS

FINANCIAL TIMES

Friday January 26 1996

Heating Replacement Parts and Controls... No. 1 in heating system spares. WOLSELEY

Major seeks to reassure Dublin over election plan

By John Kemptner in London and John Murray Brown in Belfast

Mr John Major last night sought to reassure the Irish government that his plans for elections to an Ulster convention were not intended to sideline Dublin. Nationalist politicians rounded on the UK prime minister following his announcement to the House of Commons that elections provided the best remaining hope of delivering all-party talks.

Ulster convention best hope of all-party talks, says British PM

Mr John Major last night sought to reassure the Irish government that his plans for elections to an Ulster convention were not intended to sideline Dublin. Nationalist politicians rounded on the UK prime minister following his announcement to the House of Commons that elections provided the best remaining hope of delivering all-party talks.

Mr Major said he had no intention of creating an assembly similar to those at Stormont in the 1970s and 1980s which collapsed along sectarian lines. He stressed that the body would serve purely as a forum for formal negotiations on a constitutional settlement for Northern Ireland.

Bali dry as brewers protest at new tax on beer

By Manuela Saragosa in Jakarta

Indonesian brewers have stopped supplying beer to Bali, the country's prime tourist destination, in protest against a new tax on beer levied by a company understood to be controlled by President Suharto's grandson.

UK central banker calls for standard rules on settlement

By John Gapper in London

A leading international banking supervisor yesterday called for regulators to establish minimum standards for national payment and settlement systems to prevent a catastrophic failure of the global financial system.

Burnham Lambert, the Bank of Credit and Commerce International, and Baring, could set off such a chain reaction across the world.

Mr Quinn said Barings' collapse from \$800m of derivatives losses accumulated by Mr Nick Leeson, a trader, had posed a threat not only to the Simeex futures exchange in Singapore, but to the clearing of European Currency Units.

Congress drafts bill to avert shutdown

Continued from Page 1

House speaker, has called a "down-payment" towards a balanced budget. However, Mr McCurry yesterday argued Republicans not to "wave the white flag" on the balanced budget, saying the White House was reluctant to postpone the goal of balancing the federal budget until after the poll.

the proposal to link such a deal to an extension of the federal debt ceiling, the government's borrowing authority. Mr Gingrich has said the linkage was necessary to guarantee support from radical Republicans.

Mr Robert Rubin, the Treasury secretary, said yesterday he was "absolutely confident" that the US would not default, adding that Moody's announcement might make a default easier to avoid.

In a rare confrontation with both government authorities and the presidential family, the association questioned the legitimacy of the scheme and its effects on the investment climate in the country.

THE LEX COLUMN

Trouble hits Toytown

The rationale for merging Toytown's two largest players is sufficiently compelling that even the aggrieved defender, Hasbro, makes little attempt to deny it.



to plug into Visa's computer systems. True, Amex believes banks would be well-placed to sign up customers and merchants because they have already made an investment in the card business.

Visa's other argument - that banning its members from issuing Amex cards may be needed to preserve the intense rivalry between the two card networks - is equally weak. It is hard to see why competition would be eroded if a bank issued both Visa and Amex cards.

UK pensions

Pension provision for the next century may not be much of a vote winner but the Labour party is right to focus on it. The City of London should focus on the pensioners' crunch facing the British economy.

Termination fees

Mattel's \$6.2bn bid for Hasbro contains a nice fat bribe. The toymaker is trying to bounce its reluctant rival into an agreed merger by offering it \$100m in compensation if the deal is subsequently blocked by the authorities.

Amex/Visa

Should a bank that is the member of one credit card company be allowed to issue cards for a rival organisation? That is the nub of the spat between Amex and American Express.

The outcome is inevitable: sooner rather than later, many people are going to have to put more aside for their retirement. Pressure is growing for some form of compulsory saving for some form of compulsory saving.

Focusing on the Future Kleinwort Benson's Treasury Division has moved to its new dealing room

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IN BRIEF

Damages burden threatens Loewen

Loewen Group, one of North America's biggest funeral home operators, has warned that it may be forced to file for bankruptcy protection following a big civil damages award last autumn by a Mississippi jury.

Outokumpu falls on profit disappointment Shares in Outokumpu fell heavily after the Finnish mining and metals group reported much lower than expected profits in the final four months of 1995.

Japanese brewers feel the draught After swamping the world with electronic gadgets and cars, will Japan now flood it with beer? The country's leading beer companies hope so.

Price falls hold back US Steel in final term The steady decline in steel prices in the US in the second half of 1995 ate into the profits of US Steel in the final three months of the year, reversing the earnings growth of earlier quarters.

UK government sells last BAA holding The government raised about £145m (\$223m) from the sale of its residual 2.9 per cent stake in BAA, the UK's largest airports operator.

Chicago exchanges to resume talks on link Chicago's futures exchanges, the Chicago Board of Trade and the Chicago Mercantile Exchange, are to examine the potential for common initiatives, including a possible merger, following a meeting this week between senior executives at the two markets.

Traders caught short as gold hits \$407 Gold's price jumped conclusively through \$404 a tray ounce to close in London at \$407, up \$4.10 an ounce.

Cash metal (\$ per tray ounce) 410 400 300 200 Nov 1995 96

Polish shares jump after PM's resignation In Warsaw, shares rose sharply after the announcement of the resignation of Mr Jozef Oleksy, prime minister. The Wig index rose nearly 5 per cent to 9,716.7 as turnover expanded from 38.9m zlotys to 177.3m zlotys.

Companies in this issue: AMR, AIB, Airbus, Antena 3, AsaDorbin, BAA, BAE, BCI, Berrill, Gold, Bell Canada, Boeing, Borders, Borspachem, British Gas, CN Railways, Coca-Cola, Commerzbank, Continental, Cereals Business, Dacia, Delta Air Lines, Dow Chemical, E. Merck, Eramet, Fairfax, John, Ferlin, Finmeccanica, Fujitsu, GEA, Gannco, Hasbro, Hewlett Packard, Highland Gold, Holiday Chemicals, Hyundai, Inco, Inland Steel

Market Statistics: 4 Annual reports service, Benchmark Govt bonds, Bond futures and options, Bond prices and yields, Commodities prices, Dividends announced, UK, EMS currency rates, Eurobond prices, FTSE 100 Index, FTSE 250 Index, FTSE All-Share Index, FT/ASIA Ind bond dev

Chief price changes yesterday: FRANKFURT (DEM), NEW YORK (US), LONDON (GBP), TOKYO (Yen)

Demand for Repsol exceeds offer

By David White in Madrid and Antonia Sharpe in London

Strong demand from Spanish investors means that the retail tranche of the forthcoming \$1bn offer of shares in the Repsol oil, gas and chemicals group is already heavily oversubscribed before the official opening next Tuesday, the company said yesterday.

Purchase orders for the privatisation issue exceeded Ptas262bn (\$2.1bn), or more than four times the amount on offer to retail investors, according to provisional data received by Sepi, the state industrial holding unit.

Hyundai plans to double car output in 5 years By John Burton in Seoul

Hyundai Motor, South Korea's largest car company, plans to double production to 2.4m vehicles by 2000 and increase annual sales to \$28bn, Mr Chung Mong-gyun, the company's new chairman, said yesterday.

Earlier this week Daewoo Motor, part of Korea's third largest industrial group, projected a fivefold net profit increase for 1995 to Won10bn (\$13m).

Hyundai plans to spend Won4,500bn on research over the next five years to develop technology and double the number of its basic car models to 10, including a mini-car, a deluxe sedan and a sports utility vehicle.

Market potential for a no-calorie fat substitute appears promising Procter argues you can have cake and eat it

It sounds too good to be true: fat you can eat without putting on weight. So Procter & Gamble, the US consumer products group, come up with a miracle in the form of its zero-calorie fat substitute, olestra?

After nearly nine years of waiting, Procter & Gamble this week won clearance from the US Food and Drug Administration (FDA) to put olestra on the market under the brand name Oleo.

Procter & Gamble has spent more than \$200m developing olestra over the last three decades

the body without being digested or absorbed, so it adds no calories to the diet. Over the last three decades, Procter & Gamble has spent more than \$200m developing olestra.

stake in the group, compared with 21 per cent at present. Repsol described the demand estimates, which showed that 195,000 investors had placed purchase orders, as "highly satisfactory".

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the body without being digested or absorbed, so it adds no calories to the diet. Over the last three decades, Procter & Gamble has spent more than \$200m developing olestra.



UK food research agency, the UK market for fat-reduced foods is only \$20m (\$3m) a year, or only \$200m excluding milk, compared with \$25bn in the US.

Richard Tomkins and Roderick Oram

Boeing improves 39% in final term

By Christopher Parkes in Los Angeles

Reduced income tax charges, caused by the recent 10-week strike by Boeing engineers, helped generate a 39 per cent surge in fourth-quarter net profits at the US aerospace group.

Boeing delivered 206 commercial jet aircraft in 1995, 64 fewer than in 1994, and said it expected to finish about 215 this year, when, despite growing demand, the market would remain "extremely competitive".

Production rates were expected to increase to pre-strike levels during the current quarter and group revenues were likely to recover to about \$22bn - little changed from 1994.

As announced earlier, Boeing won about two-thirds of the world market for commercial jet airliners last year, leaving Europe's Airbus consortium in second place with 15 per cent.

Continuation of this trend depended on sustained growth of passenger traffic at profitable yields, Mr Schronz said.

Mercury Development Capital and EGL Holdings, Inc. congratulate the management of THE BARACUDA GROUP BARACUDA Automatic Pool Cleaners on its sale to ZODIAC S.A. The Baracuda Group is the leading manufacturer and marketer of automatic swimming pool cleaners worldwide; we supported its MBI, via Atlanta-based EGL Holdings, in 1990.

UK government rejects levy on transportation of gas

By Robert Corzine and Stefan Wagstyl in London

The UK government yesterday drew back from direct involvement in the dispute between British Gas and North Sea gas producers over £40bn (\$60.4bn) of long-term contracts.

interests of consumers and protecting consumers' interests was the government's objective. In an interview, he denied that political considerations played any part in the decision.

the monopoly era and place it at a competitive disadvantage in the run-up to full gas market competition in 1998.

## INTERNATIONAL COMPANIES AND FINANCE

## Fourth-quarter weakness hits Outokumpu

By Christopher Brown-Humes  
in Stockholm

Shares in Outokumpu fell sharply yesterday after the Finnish mining and metals group reported much lower-than-expected profits in the final four months of 1995. The group, which is 40 per cent state-owned, blamed the setback on asset write-downs and inventory losses caused by a weaker stainless steel market.

It said its preliminary pre-tax profit for 1995 was Fm1.5bn (\$331m). Although this is a 45.5

per cent increase on the Fm1.03bn profit reported in 1994, it is well below the Fm1.7bn to Fm1.8bn expected by analysts. After the news the group's shares fell Fm4.4, or 6.5 per cent, to Fm63.8.

The optimism apparent at the eight-month stage, when the group more than doubled pre-tax profits from Fm557m to Fm1.32bn, was lacking in its statement yesterday. Profits in the final four months - at about Fm180m - were well below last year's Fm471m.

One of the main reasons for the decline was the group's

decision to write down the value of the proven and probable reserves of its Forrestania nickel mine in Australia by Fm160m.

The move, which the market did not expect, follows a recent survey suggesting the mine's nickel content is about 15 per cent lower than an earlier estimate of 4.2m tonnes.

The group also wrote down the book value of its 7 per cent stake in fellow Finnish industrial group Tampella by Fm90m to reflect a fall in Tampella's share price.

Outokumpu said its result

had also been undermined by a marked weakening in the stainless steel market in December, when prices fell by about 10 per cent. The development forced it to cut the value of its metal inventories, resulting in a small inventory loss for the full year after gains of Fm52m at the eight-month stage and Fm320m in gains for the whole of 1994.

"The drawdown of excessive [stainless steel] stocks, which began on the market during the autumn, continues and prices have fallen," Outokumpu said. But it expected

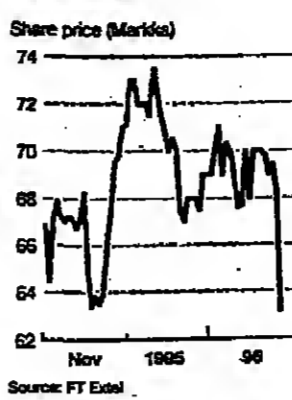
the market to stabilise and demand to pick up again in a few months.

The company said its full-year figures reflected the strong rise in metal prices in the first eight months of the year, greater efficiency, and a small increase in production.

Sales rose only slightly, from Fm16.7bn to Fm16.8bn - the increase would have been greater without disposals - while operating profits climbed from Fm1.05bn to Fm1.55bn.

Average copper prices were about 27 per cent higher in 1995 than in 1994 and nickel

## Outokumpu



prices were 29 per cent higher. Prices for stainless steel were also well above last year's.

## EUROPEAN NEWS DIGEST

## Fokker bond fears hit Commerzbank

Commerzbank shares fell sharply yesterday on concern over its financial exposure to Fokker, the ailing Dutch aircraft manufacturer in which Daimler-Benz has a large minority stake. Daimler said on Monday it was ceasing financial support for the heavily loss-making company.

Shares of the German bank dropped DM9, or 2.6 per cent, to DM338 on a day in which the Dax index of 30 leading shares rose almost 1 per cent to a record 2,443.72. Analysts said Commerzbank would have to increase its risk provisions, depressing 1995 profits below market expectations.

The bank was lead manager for two Fokker bond issues. Investors' concern centres on the second - totalling DM500m and running until 1998 - and the amount Commerzbank has on its books. The bond dates from 1993, just after Daimler became involved with Fokker, which increased investors' confidence in the issue. Dresdner Bank has also lead-managed Fokker bond issues.

UK analysts said Commerzbank had told them it had a "significant exposure" to the bonds. They said Union Bank of Switzerland had become a seller of Commerzbank shares. Some estimated the German bank's provisions would have to rise by up to DM200m (\$135m) for 1995 because of Fokker and Germany's economic slowdown.

Andrew Fisher, Frankfurt

## Lufthansa 'in profit'

Lufthansa, the German airline, yesterday reported an 8.2 per cent rise in passenger volumes to 40.7m passengers in 1995, compared with 37.6m the previous year. In a preliminary statement ahead of its official 1995 figures, the airline added that the cargo and air mail business had also increased, by 9.8 per cent to 1.6m tonnes.

The figures did not include details of 1995 earnings, but the company said it "ended the year in profit". In the first nine months of 1995 Lufthansa posted profits of DM508m (\$341.9m) before tax and net transfers, a performance affected strongly by the rise of the D-Mark against the dollar and European currencies. Lufthansa said yesterday it ended the fourth quarter on "a positive note".

The airline said capacity measured in tonne-kilometres increased by 9.1 per cent with revenues up 9.1 per cent. The overall load factor, which denotes the utilisation of total available capacity, dropped by 0.4 percentage points to 70.4 per cent. The seat load factor - the occupancy rate of passenger seats - increased by 0.5 percentage points to a 70.5 per cent, compared with 1994. The number of passengers and the seat load factor were both records.

Wolfgang Münchau, Frankfurt

## Gambro backs Incentive bid

The bid by Incentive, a core Wallenberg empire industrial company, to complete a full takeover of the Swedish medical technology group Gambro received an important boost yesterday when the Gambro board officially backed the offer, which valued the target company at more than SKr11.5bn (\$2.68bn).

Incentive, already Gambro's biggest shareholder, bid SKr155 a share earlier this month for the majority of the stock it did not hold, as part of a strategic move to make medical technology its main business.

The bid represented a premium of more than 32 per cent over the average Gambro share price in the six weeks running up to the offer. After advice from UBS Securities, the board said it judged the premium to be "adequate" and recommended shareholders to accept Incentive's offer. It added that a deal between Incentive and Gambro's other main shareholder, which led to Incentive holding more than 70 per cent of Gambro's voting rights, meant a competing offer was unlikely. The bid expires at the end of February.

Hugh Carnegie, Stockholm

## AssiDomän in US deal

AssiDomän, the Swedish forestry group, and Temple-Inland of the US yesterday announced a rare transatlantic alliance to pool marketing information and co-operate in research in corrugated packaging materials, a core product area for both groups. The companies have a combined annual corrugated production of 3.5m tonnes and are respectively the third largest producers in the sector in Europe and the US.

The alliance - which does not involve financial commitments - is between AssiDomän's packaging division and Inland Container, a Temple-Inland subsidiary. The deal, the first of its kind for the two producers, will enable Assi and Inland to serve the growing international need of their customers in the packaging industry.

Hugh Carnegie

## E. Merck predicts growth

E. Merck, the German chemical and pharmaceutical group, expects its group profit for 1995 to show a "significant rise" from the previous year. The company did not release a specific figure, Merck, which floated shares in October, said its 1994 group net profit was DM257m (\$173.6m).

The group's 1995 group worldwide sales rose 10.8 per cent to DM6.27bn from DM5.66bn a year earlier. Merck said 1995 sales in its pharmaceuticals area grew 14 per cent from a year ago. Sales in the laboratory area were up 16 per cent, largely because of the first-time inclusion of new units, the company said, calling developments in the sector "positive." However, sales in Merck's special chemicals unit "stagnated because of varying developments in separate business areas".

AP-DV, Darmstadt

Ferruzzi Finanziaria (Ferfin), the Italian holding company, said yesterday that 71 per cent of its L863bn (\$689m) rights issue had been taken up in the market. The outcome will satisfy Mediobanca, the Milan merchant bank, which pushed the capital increase through in defiance of holders of 20.5 per cent of the capital, led by the banking group San Paolo di Torino. Rights not purchased will be traded on the market between February 5 and February 9.

Mediobanca also launched its obligatory offer for 158m shares in Ferfin yesterday. The offer will run until March 14. Mediobanca is expected eventually to hold about 15 per cent of the equity.

GEA, the German process technology group, has bought Barr & Murphy, the UK based specialist dryer manufacturer, which is to be merged with Rosin Engineering, GEA's existing UK operation. No price was disclosed. Barr & Murphy, which has operations in Canada, recorded sales last year of around DM30m. It claims to be the world leader in the manufacture of starch industry dryers. GEA, which faces strong competition from the APV, the UK-based group, and Alfa Laval of Sweden, said it hoped the new operation would become the leader in the flash dryer market.

GEA is expected to report 1995 sales of about DM4.2bn (\$2.84bn) and hopes to see "double-digit growth" on its 1994 net profits of DM99m.

Michael Lindemann, Bonn

## Eramet chief as good as his word

The French group is set to take control of manganese producer Comilog, writes Kenneth Gooding

When Eramet was floated on the Paris stock exchange in 1994, Mr Yves Rambaud, the French group's chairman and chief executive, made a promise. He said that the cash-rich company, already the world's biggest producer of ferro-nickel and high speed steels, would seek to acquire a third industrial business to round off its operations.

Many observers thought the search was likely to take a long time because of the tough criteria Mr Rambaud had imposed. But he had had his eye on the perfect takeover target for some years.

That target was Comilog, one of the three main producers in the western world of manganese, a material essential in steel making.

Comilog carries out open-pit mining in Gabon, while Eramet mines nickel in the same way in New Caledonia, a South Pacific island. Comilog's processing plants in Belgium, France and the US all use technology familiar to Eramet.

Eramet had to bide its time, however, waiting for some of Comilog's shareholders to be willing to sell. Comilog was owned 30 per cent by the Gabon government, 15 per cent by Gencor, the South African mining group, and 17 per cent by BRGM, the state-owned French mining group, with the rest in the hands of private shareholders and others.

Eramet now hopes to acquire a 47 per cent interest in Comilog along with management control and the right to appoint the chief executive.

No price for such a stake has

been officially revealed, but Eramet has indicated it will be about FF650m (\$123.5m), or some six times 1994 cash flow and four times forecast 1995 cash flow. Eramet has also said the price is close to the net worth per share.

The deal is subject to conditions, including a due diligence exercise Eramet is conducting.

Eramet last month bought BRGM's shares in Comilog, in a deal which gave it three directors on the Comilog board. The rest of the stake will be provided by private shareholders.

Eramet can, until June 15 next year, sell back shares to the private shareholders at the same purchase price, if the deal is unacceptable to Eramet. This means the due diligence exercise must be finished before the deadline.

The Gabon government's attitude provided the key to Eramet's approach to Comilog. It apparently wanted Eramet to move in and take management control rather than have Gencor in charge.

Gencor would have been a likely candidate but it has a substantial interest in Samancor, another South African company and one of Comilog's big competitors. Gencor actually had pre-emptive rights, had any of the Comilog shares been offered for sale, but these rights expired in March last year.

Comilog paid large annual dividends until 1991, when it acquired several ferro-alloy plants from Union Minière, the Belgium mining and metals group, and went heavily into debt to pay for these assets.

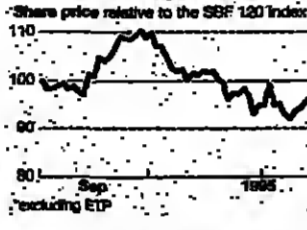
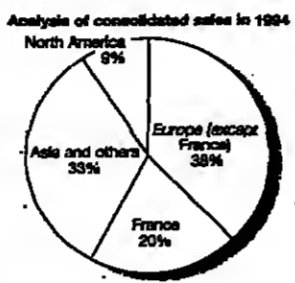
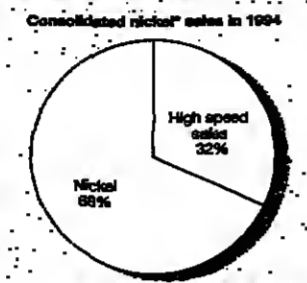
Mr Rambaud says of this purchase: "The strategy was

good - the price was not." He says Comilog hopes to pay dividends in 1996, a move which would be welcomed by the Gabon government.

Comilog has an open pit mine near Franceville in south-eastern Gabon, about 600km from the nearest port by rail. Nominal mine capacity is 2.5m tonnes a year, but production has passed that level when manganese prices have justified it. Output in 1994 was 1.6m tonnes; in 1995 production it is expected to be about 2m tonnes. Eramet says the mine's reserves would last more than 100 years at the current rate of output.

Other Comilog assets include a ferro-manganese plant in Boulogne, France, with 400,000 tonnes a year capacity but which is now producing about 280,000 tonnes; a silica-manganese plant in Dunkirk, France, with a capacity of 60,000 tonnes and presently producing about 40,000 tonnes; a chemical manganese dioxide plant and a ferro-alloys plant in Belgium; and assets in the US, including

## Eramet group



And we would not expect to see much in the way of Comilog dividend flow-through to Eramet before 1997," he says.

Mr Larry Kaplan, analyst at stockbroker Ord Minnett, says: "On the face of it, the Comilog manganese acquisition appears to be a good deal for Eramet." He suggests that, because of Comilog's debts, he would be surprised to see the company consolidated at Eramet group level.

"And we would not expect to see much in the way of Comilog dividend flow-through to Eramet before 1997," he says.

a manganese dioxide plant, clay operations and a spent catalyst recovery plant.

If all goes well with the due diligence exercise, Eramet will pay for its Comilog stake from its own resources.

Mr Rambaud says the Gabon mine will not require any large investment, but Comilog needs to reduce its debt. This stands at about FF1.45bn, and the clay business and other non-core operations will probably be sold.

"We have potential buyers for these non-core businesses but it is too early to say what they are worth," he says.

Mr Larry Kaplan, analyst at stockbroker Ord Minnett, says: "On the face of it, the Comilog manganese acquisition appears to be a good deal for Eramet." He suggests that, because of Comilog's debts, he would be surprised to see the company consolidated at Eramet group level.

"And we would not expect to see much in the way of Comilog dividend flow-through to Eramet before 1997," he says.

## Saint-Gobain net up 16% despite sale of business

By Andrew Jack in Paris

Saint-Gobain, the French glass and building materials group chaired by Mr Jean-Louis Beffa, yesterday reported net income up 16 per cent to FF4.2bn (\$830.1m) for 1995.

The improved result came despite a 6 per cent reduction in turnover, to FF70.3bn, following its sale of the Papier-Bois business at the start of November 1994.

The group stressed that the increase in underlying profits would have been 49 per cent above 1994 net income of FF2.7bn, before the effect of capital gains from exceptional sales of businesses.

Operating profits for the year rose 7 per cent to FF7.2bn, ahead of a sharp reduction in financing charges to FF1.6bn from FF2.5bn, and other non-operating costs of FF1.5bn, against FF1.1bn.

The group said its total net debt remained "low" at FF3.8bn, or 8 per cent of shareholders' funds, compared with FF2.5bn in the previous 12 months.

However, it said FF9.2bn - or 13.1 per cent of turnover - came from self-financing, meaning that it was able to cover practically all of its industrial and financial investments internally.

Sales in France accounted for 19 per cent of the total, with a further 10 per cent in countries outside Europe, and 40 per cent from production in other European countries, and 31 per cent in countries outside Europe.

It said Latin America had shown a drop in profitability, but France and other European



Jean-Louis Beffa: chairman of building materials group

countries were positive.

In an unusual statement from a French company, Saint-Gobain stressed that its results were compiled in accordance with International Accounting Standards, with the exception of a rule on depreciation which it used to comply with requirements from the Commission des Opérations de Bourse, the market regulator.

Union des Assurances de Paris, France's largest insurance group, said yesterday its consolidated revenue for 1995 was provisionally estimated to have risen by 3.6 per cent on the 1994 figure, to FF157bn, AP-DJ reports from Paris.

UAP said the increase took into account for the first time UAP's acquisition of Provincial Insurance of the UK, effective from January 1 1996, as well as a change in accounting methods at its Scot unit.

## Spanish TV head hints at flotation

By Raymond Snoddy

Mr Antonio Asensio Elizaso, chairman of Antena 3 Television, Spain's leading commercial television channel, said yesterday he would consider a flotation for the company if there was a change of government in the March national election.

Government permission is now required for changes in ownership in Spanish television channels, but the opposition centre-right Popular Party, ahead in the opinion polls in advance of the March 3 vote, is likely to take a different view.

"When it is technically possible we will consider it," Mr Asensio said yesterday. He was in London to sign a Fiat15m (\$120.5m) loan arranged by Merrill Lynch, the US investment bank. The five-year loan was designed to restructure the company's debt from short-term to long-term. The agent bank for the deal was the Royal Bank of Scotland.

Antena 3 was launched in 1989. For a time last year it was the leading channel in Spain and took 33 per cent of total television advertising revenues. Its 1994 sales totalled Ptas40m.

As well as being the largest shareholder in Antena 3, Mr Asensio also controls Grupo Zeta, the large Spanish news-

paper and magazine publishing group.

Mr Asensio said the financial restructuring would allow the television company to expand, particularly in South America, where the company already manages a channel in Peru.

In Mexico, the company has already signed a letter of intent with Multivision, the cable television operator, and with Television Asteca to produce television programmes. In Argentina it hopes to run a newly privatised television channel with local partners.

Antena 3 is also involved in the nascent cable television industry in Spain, and is already broadcasting five themed cable channels.

Mr Asensio says he wants the company to be involved in offering cable telecommunications services in Spain. Under a European Union directive, this must be made possible by 1998.

The Antena 3 chairman has decided against investing in either of the two consortia planning to launch competing digital satellite television services in Latin America.

"It's going to be a long, costly battle and a very long-term return," said Mr Asensio. He said he would prefer to invest programme production and management expertise rather than cash in South America.

through an international private placement over the next two weeks, it was announced yesterday. West Merchant Bank, the investment banking arm of Germany's WestLB, and HSBC Investment Bank, part of Hongkong and Shanghai Banking Corporation, are joint global co-ordinators.

The price range for the offering - which is expected to be one of Hungary's largest this year - has been set at between Ft1.400 and Ft1,500. There will also be domestic and employee

## Hungary to sell stake in chemicals concern

By Virginia Marsh  
in Budapest

Hungary is to float and sell off a majority stake in Borsodchem, its second largest chemical company, to institutional investors, including the European Bank for Reconstruction and Development.

APV Rt, the state privatisation agency, aims to reduce its stake in the company from around 88 per cent to less than 30 per cent.

Part of the stake will be sold

offerings and a capital increase. The total value of the offering is estimated at between \$50m and \$60m, with proceeds to the company, which is also selling off some of its own shares, of \$26m-\$36m.

The company produces PVC and MDI, a polymer used in the construction industry. Yesterday it reported unaudited net income of Ft5.27bn (\$37.6m) on sales of Ft29.2bn in the first nine months of last year.

Although highly profitable, some analysts have raised concerns over the company's environmental liability and structural problems.

However, the offering coincides with an upturn in investor confidence in Hungary's commitment to reform, following a spate of large privatisation deals late last year and an improving economic outlook.

The Budapest stock exchange soared 84 points yesterday to close at 1,870.



## Bristol-Myers Squibb Company

## Cash Offer

for

## Pharmavit Gyógyszer-és Élelmiszeripari Részvénytársaság

(registered under the laws of the Republic of Hungary)

Bristol-Myers Squibb Holdings Limited, a wholly-owned subsidiary of Bristol-Myers Squibb Company, hereby gives notice that its offer to purchase all of the shares of Pharmavit, par value HUF 100 ("Pharmavit Shares"), including all Pharmavit Shares represented by Global Depository Shares ("Pharmavit GDSs"), formally announced on 14 December 1995, has been extended until 16 February 1996.

The cash offer for Pharmavit Shares and Pharmavit GDSs is on the following basis:

For each Pharmavit Share	US\$ 62.35 in cash
For each Pharmavit GDS	US\$ 12.47 in cash
(representing one fifth of a Pharmavit Share)	

As set out in the offer document dated 19 December 1995, Bristol-Myers Squibb intends to apply to the Budapest Stock Exchange for the withdrawal of Pharmavit Shares from trading (expected to be published by the Budapest Stock Exchange shortly). Bristol-Myers Squibb's cash offer for Pharmavit Shares and Pharmavit GDSs has been extended and will now be open for acceptance until 16:00 (Budapest time), 15:00 (London time), 10:00 (New York time) on 16 February 1996, unless further extended.

Save as amended by this notice, the terms and conditions of the extended offer remain as set out in the offer document dated 19 December 1995.

The Board of Directors of Pharmavit has approved the publication of this notice.

If you are in any doubt as to what action you should take, you should contact one of the following:

Financial adviser to  
Bristol-Myers Squibb and  
International Broker  
to the offer

Schroders  
120 Cheapside  
London EC2V 6DS  
Tel: +44 171 382 6000

and  
787 7th Avenue  
New York  
New York 10019  
Tel: +1 212 492 6000

Financial adviser to  
Bristol-Myers Squibb  
and Receiving Agent for  
Pharmavit Shares

Creditanstalt Securities  
Nagyvárad József utca 10  
1054 Budapest  
Tel: +36 1 269 0711

Receiving Agent for  
Pharmavit GDSs

The Bank of New York  
46 Berkeley Street  
London W1X 6AA  
Tel: +44 171 322 6338

and  
Tender and Exchange Dept.  
101 Barclay Street  
New York  
New York 10286  
Tel: +1 800 507 9357

The contents of this announcement, for which Bristol-Myers Squibb Company and Bristol-Myers Squibb Holdings Limited are responsible, have been approved by J. Henry Schroder & Co. Limited, which is regulated by the Securities and Futures Authority Limited in the United Kingdom, for the purposes of Section 57 of the Financial Services Act 1986.

INTERNATIONAL COMPANIES AND FINANCE

NAB ahead 11.8% but warns on future growth

By Nikkai Tait in Sydney

National Australia Bank, the largest of the country's nationwide banks, yesterday warned that slowing economic conditions in the three geographic areas where it operates could peg the institution's future profits growth.

The bank unveiled an 11.8 per cent increase in profit after tax to A\$132m (US\$78m) for the first quarter of the year, to end-December. Earnings per share were 7.5 per cent higher at 35.9 cents.

ing our performance and strategies. In the past, NAB has pointed to the problems in gaining entry to Asian markets, but said they remain part of group strategy.

COMPANY PROFILE

National Bank of Australia

Table with 2 columns: Metric and Value. Includes Market capitalisation (A\$17.5bn), Main listing (ASX, Nat. Market), Historic P/E (0.5), Gross yield (0.57%), Earnings per share (1995: A\$1.57), Current share price (A\$12.50), Share price relative to All Ordinaries Index (100), and Net income (A\$48m).

driven by the worsening economic climate and more stringent provisioning within its Yorkshire bank unit.

posted a 15.3 per cent rise in profits, to A\$1.97m. The bank's shares closed 11 cents higher at A\$12.50 on the Australian stock exchange.

Inca Kola ahead of US rivals in 'cola wars'

By Sally Bowen in Lima

Inca Kola, the Peruvian cola drink, outdid its international rivals Coca-Cola and Pepsi Cola in Peru last year, in spite of the massive advertising campaign the US groups unleashed in Latin America as part of the "cola wars".

NEWS DIGEST

Dow Chemical up despite flat sales

Dow Chemical, the US chemical producer, reported that sales had slowed in the fourth quarter, with operating income up 33 per cent to \$665m on unchanged sales of \$4.6bn.

Canada's BCE slides 33%

Problems at its main telecommunications unit reduced 1995 earnings at BCE, Canada's international telecommunications group, to C\$78m (US\$71m), or C\$2.23 a share, down 33 per cent from C\$1.2bn, or C\$3.82, in 1994.

Sony and Sanyo in LCD link

Sony and Sanyo are joining forces in the production of liquid crystal display panels, highlighting moves to share the burden of investing in LCD panel production amid growing competition.

Newcrest Mining tumbles

Newcrest Mining, the Australian goldminer, announced a sharply-reduced profit after tax of A\$12m (US\$8.84m) for the six months to end-December, down from A\$28.6m in the same period a year earlier.

Reverse at Highlands Gold

Highlands Gold, the Papua New Guinea-based mining group which is controlled by Australia's MIM, said that net profits fell to K1.29m (963,000) in the first half, compared with just over K4m in the same period a year ago.

Ancor completes US buy

Ancor, the Australian paper and packaging group, yesterday announced its US expansion, announcing that it had acquired Audie Paper, a Chicago-based distribution company.

Westfield Trust ahead

Westfield Trust, the Australian property developer, announced an 18.3 per cent increase in after-tax profits for the year to end-December, to A\$187.6m (US\$138.2m).

Kiwi Travel plans float

No-frills carrier Kiwi Travel International Airlines said it planned to go public in September this year and was considering a listing on the New Zealand Stock Exchange.

Fairfax plans indexed bond to fund print plant

By Nikkai Tait

John Fairfax, the Australian newspaper publisher, yesterday unveiled plans to fund its new Chullora printing plant, in Sydney's western suburbs, through an innovative A\$105m (US\$71m) indexed bond issue.

private sector infrastructure funding. However, this is thought to be the first time that a corporate borrower has used the market to fund a specific project.

of credit enhancement by AIGC, the finance house, and the class B bonds, which will be unrated.

issue along with Bankers Trust Australia, acknowledged that the issue would "stretch" Australia's indexed bond market.

operating in the second half of 1995. Earlier this week, Mr Bob Mansfield, the new managing director of the group, reassured investors about problems associated with moving operations there, saying that stress on the plant by a large Saturday edition of the Sydney Morning Herald had been responsible for some delayed deliveries.

Japanese brewers are feeling the draught

Competition at home has given companies the taste for overseas expansion, says Emiko Terazono

After swamping the world with electronic gadgets and cars, will Japan now flood it with beer? The country's leading beer companies hope so.

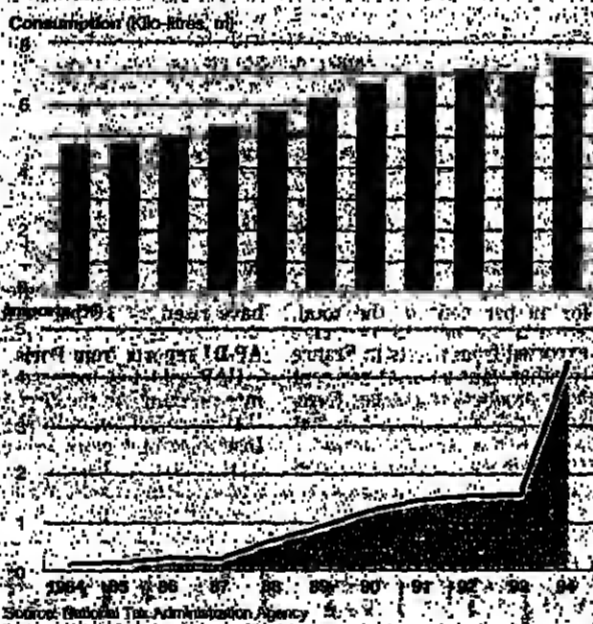
grew only 4.3 per cent last year, and Moody's expects the annual growth rate of beer demand in Japan to remain at around 1 to 2 per cent over the next few years.

Their ambitions are global. They include Europe, where Sapporo Breweries expects to triple beer sales this year following the start of a joint venture with UK brewer Guinness to manufacture its brew locally.

Diversifying tastes among consumers are also eroding demand. More Japanese consumers are drinking wine and other alcoholic beverages.

The Japanese beer market, the world's fourth largest,

Demand goes flat



Source: Ministry of International Trade and Commerce, Japan



Source: Inca Kola

same brand of beer by home delivery. Discounting has also been encouraged by the loosening of ties between brewers and distributors, prompted by the enforcement of the anti-monopoly law by the country's Fair Trade Commission.

supermarket chains, using their bulk purchasing power, have forged links with overseas beer manufacturers to market their own beer.

but there are limits. On the production side, the government has unofficial guidelines that insist on using expensive domestic malt.

NOTICE OF EARLY REDEMPTION Union Bank of Switzerland Finance N.V. U.S. \$300,000,000 8.32% Guaranteed Notes due 2000

European Coal and Steel Community V11,200,000,000 Floating rate notes 2001

The Korea Development Bank U.S. \$200,000,000 Floating Rate Notes due 1997

Final maturity of the warrants from the 2 1/2 % Deutsche Mark Bonds with Warrants attached of 1986/1996, issued by Wella International Finance B.V.

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U.S. \$75,000,000 SWEDBANK (Sparbankernas Bank) Subordinated Floating Rate Notes due 1997

BRITANNIA BUILDING SOCIETY Issue of up to £50,000,000 Floating Rate Notes Due 2005

U.S. \$200,000,000 Floating Rate Notes due 1997

INTERNATIONAL COMPANIES AND FINANCE

AMERICAS NEWS DIGEST

Hasbro shares up as Mattel bid snubbed

Shares in US toymaker Hasbro rose almost 40 per cent in early trading yesterday, after the company rejected a \$5.2bn takeover bid from rival Mattel. Hasbro was up 12 1/2% at \$42 3/4 while Mattel, manufacturer of the Barbie doll, was down 3/4 at \$3 1/4.

Hasbro's board rejected the offer - of 1.67 shares in the merged company for every Hasbro share - because of concerns that the deal would not be approved by anti-trust authorities. Mattel said yesterday it had had anti-trust lawyers working on the proposal for months and was convinced the merger would clear anti-trust hurdles. Analysts said the merger would create a company with estimated 1996 sales of \$7.3bn and a 30 per cent share of the \$13bn US toy market.

*A.F.X. New York*

Coca-Cola result fails to impress

Coca-Cola, maker of the soft drink, increased annual earnings by 20 per cent in 1995. Mr Roberto Goizueta, chairman and chief executive, said: "This was a strong year for all shareholders... with record earnings, record case sales volumes, record market share and an outstanding total return of 46 per cent for our share owners."

However, the shares fell 1 1/2% in morning trading to \$73, as the market has come to expect Coca-Cola to beat predictions. In the fourth quarter, sales rose 8 per cent to \$4.33bn, and operating income was 9 per cent higher at \$948m. Net income was 14 per cent ahead at \$648m, with earnings per share up 18 per cent to 63 cents, reflecting a 2 per cent reduction in the number of shares in issue. During 1995 the group bought back 29m shares at an average \$51.

For the full year, revenues rose 11 per cent to \$18bn and operating profits by 10 per cent to \$4.69bn. Net income was up from \$2.55bn to \$2.96bn, and earnings per share from \$1.98 to \$2.37.

*Maggie Orry, New York*

P&G ahead 11% in second term

Volume gains and cost control helped Procter & Gamble, the consumer goods group, increase second-quarter earnings per share 11 per cent from \$1.06 to \$1.18. However, the shares fell 3% to \$85, more than giving up Wednesday's 3 1/4% gain from news of the approval of P&G's olestra, a calorie-free fat product. In the three months to December 31, net income rose 11 per cent, from \$750m to \$836m. Mr John Pepper, chairman and chief executive, said the results reflected "solid growth".

*Maggie Orry*

MCI buys satellite TV slot

MCI Communications, the long-distance phone company, moved into television yesterday, paying \$682.5m at a government auction for a satellite-television slot that can blanket the US with TV signals. The carrier - which is aligned with Mr Rupert Murdoch's News Corp - outbid Tele-Communications Inc, the nation's largest cable-TV operator, and EchoStar Communications, a small Colorado provider of satellite-TV entertainment.

The price paid at the Federal Communications Commission auction was at the high end of expectations. About 1.2m households receive direct broadcast satellite (DBS), a fast-growing service that also can transmit video and data signals. It competes with cable TV.

*Reuters, Washington*

Schering-Plough pleases market

Shares in Schering-Plough rose 1 1/4% to \$53 yesterday morning as the US pharmaceuticals group beat market expectations with a 17 per cent rise in net income in the latest quarter. The company's results came on the back of an 11 per cent increase in sales to \$1.295bl. The growth was driven by a 14 per cent increase in pharmaceutical sales, based on the respiratory drug Claritin and a range of anti-infective and anti-cancer products.

After-tax profits for the quarter were \$239m, or 66 cents a share. For 1995 as a whole, net income slipped 4 per cent to \$887m, or \$2.40 a share, as the company reported losses of \$166m on a disposal. Sales in 1995 reached \$5.1bn, a rise of 13 per cent.

*Richard Waters, New York*

Revamp puts CN C\$1.1bn in red

Heavy restructuring charges took the newly privatised Canadian National Railways into a C\$1.1bn (US\$804m) loss for the year to December 31. The special charges totalled almost C\$1.5bn. Continuing operations excluding special items showed a profit of C\$362m or C\$4.50 a share, up from C\$263m or C\$3.29 a share in 1994.

For 1995 operating revenues were C\$4.1bn, down 4.8 per cent from 1994, mainly because of lower grain movements. CN was sold to the public in North America and Europe late last year for C\$2.2bn.

*Robert Gibbens, Montreal*

Damages award puts Loewen in jeopardy

By Bernard Simon in Toronto

Loewen Group, one of North America's biggest funeral home operators, has warned that its own life has been put in jeopardy by the fall-out from big civil damages awarded last autumn by a Mississippi jury.

Loewen's shares lost almost a third of their value in early trading on the Toronto stock exchange yesterday after the Vancouver-based company warned that it may be forced to file for bankruptcy protection. The shares stood at C\$23.13 at midday, less than half last year's record of C\$56.

The warning followed a ruling by the Mississippi supreme court that requires Loewen to post a bond of US\$625m if it wants to appeal last November's \$500m damages award. Loewen had offered to post a \$125m bond, but Mississippi law requires a surety bond equal to 125 per cent of the original judgment.

Loewen has expanded its revenues more than tenfold since the late 1980s by buying small family-owned funeral businesses across the US and Canada. The company operates 814 funeral homes and 179 cemeteries.

Its current problems stem from an acquisition six years ago in Jackson, Mississippi. Shortly after the deal was concluded, Loewen was sued for breach of contract by Mr Jeremiah O'Keefe, a prominent local businessman and civic leader who operated a rival funeral services and insurance group. Mr O'Keefe alleged the Loewen company had reneged on an agreement to sell his group's insurance policies.

Mr O'Keefe later broadened his claim to include antitrust, fraud and other allegations. During last year's seven-week trial, Mr O'Keefe was held up as a local hero fighting for his family and livelihood.

By contrast, Loewen was portrayed as a greedy foreign company seeking to exploit family businesses in one of the poorest US states. The jury awarded Mr O'Keefe \$100m in compensation and \$400m in punitive damages. Loewen said it was optimistic that these amounts would at least be reduced on appeal.

Under this week's court ruling, the plaintiffs would be able to attach Loewen assets if the company cannot raise the bond by January 31. Furthermore, obligations related to the bond could trigger defaults on Loewen's senior debt and bank credit lines. The company's long-term debt totalled US\$687m last September.

Loewen said it would continue "to explore options to raise financing to support the bond" but that if its assets and operations were at risk, it might be "in the best interests of its continued operations, shareholders and creditors to place the company under bankruptcy protection".

AT&T rises 12% before break-up charges

By Tony Jackson in New York

AT&T, the US long-distance phone company, produced a 12 per cent rise in net income to \$5.6bn in the last full year before its impending break-up. However, extraordinary charges associated with the break-up, as previously announced, pulled earnings down to \$139m for the year, or a loss of \$2.7bn for the final quarter.

Mr Robert Allen, chairman, said: "Short-term profitability is important, but long-term growth and financial strength are essential."

Fourth-quarter earnings before charges were also up 12 per cent at \$1.5bn, or 94 cents a share, slightly less than the market expected. The volume of long-distance calls in the quarter was up 8.2

per cent, helped by growth in business calls from outside the US.

The company said its volume growth was "st or near" growth for the domestic market overall.

Sales of telephone network equipment rose 23 per cent in the quarter to \$4.1bn. This was due to a strong rebound in sales to the local Baby Bell phone companies.

Previously, AT&T had said a central reason for splitting its equipment business from phone services was reluctance by the Bell companies to buy from a potential competitor, given the approaching deregulation of the US telecoms industry.

In wireless services, the number of subscribers rose 37 per cent in the quarter to 6.5m. Wireless revenues rose 26 per cent to \$782m.



Robert Allen: long-term growth and financial strength essential

The equipment business saw growth in demand for cordless phones. However, this was partly offset by a drop in sales of corded phones and answering machines.

NCR, the computer business which AT&T is also to spin out, saw its revenues collapse by 25 per cent in the quarter to

\$1.3bn, and by 8 per cent for the year to \$4.7bn. This was largely due to the halting of manufacture of personal computers, part of a restructuring undertaken in the third quarter.

NCR made an operating loss of \$78m in the quarter, compared with a profit of \$46m the year before. Operating losses for the year, excluding restructuring charges of \$1.8bn in the third quarter, were \$32m, compared with a profit of \$22m in 1994.

AT&T said the fourth quarter loss, smaller than in the quarters immediately before, had been helped by better product margins and lower overheads due to the restructuring.

For the full year, revenues rose 8 per cent to \$79.6bn. AT&T's shares fell 1 1/4% to \$84 in early trading.

Fourth-quarter price falls hold back US Steel

By Richard Waters in New York

The steady decline in steel prices in the US during the second half of 1995 ate into the profits of US Steel in the final three months of the year, reversing the earnings growth notable in earlier quarters.

Along with other steel-makers, however, the US's biggest producer indicated that orders had been strong in recent weeks, suggesting that a recently announced price rise should hold.

US Steel's operating income during the fourth quarter of 1994 slipped to about \$28 per ton of steel shipped, from \$44 a ton a year before.

The company blamed the decline on falling prices in the spot market for steel, as well as a less favourable product mix.

That was in part because less-profitable exports topped 500,000 tons in the period, out of total shipments of 3m tons.

Inland Steel, another of the US's leading integrated steel producers, had registered a

similar picture with fourth-quarter results released a week ago.

The sharp reduction in prices of flat-rolled steel led to a 6 per cent fall in sales from a year before, to \$602m, while shipments remained virtually unchanged at 1.29m tons.

As a result, operating profits at Inland Steel slipped about \$17 a ton in the final quarter, from \$36 a ton the year before.

However, the company indicated that it expected the deterioration to be reversed in the current quarter. "Our general

order book has been very, very strong," Mr Earl Mason, the chief financial officer, said. "I personally believe the [higher] prices will stick."

Mr Thomas Usher, chairman of USX, US Steel's parent, said that the company's order book for flat-rolled steel "is expected to remain strong" in the first quarter of this year, especially in such important areas as the automotive, appliances and construction industries.

US Steel's after-tax profits for the quarter fell to \$61m, or 67 cents a share, from \$90m, or

\$1.11 a share, partly because of one-off charges of \$26m. For the full year, the company recorded net income of \$301m on sales of \$6.46bn, up from \$201m on sales of \$6.07bn in 1994. Earnings per share rose to \$3.41 from \$2.33.

Inland Steel reported fourth-quarter net income of \$34.9m, or 47 cents a share, down 30 per cent and 29 per cent respectively from a year before. Full year net income rose 37 per cent to \$146.8m while earnings per share climbed 49 per cent to \$2.69.

US airlines begin to feel benefits of cost cuts

By Richard Tomkins in New York

Last year's fourth quarter - and for that matter, the full year - marked a sharp turnaround in the fortunes of US airlines. The industry has been enjoying its most profitable period since the last peak in 1983, and most airlines' results have reflected this new wave of prosperity.

Some observers have attributed the profits increase to a rise in passenger numbers, fed by growth in the US economy. But this is only part of the story: according to the Air Transport Association, passenger numbers rose by less than 4 per cent last year, from 528m to 548m.

More important was the airlines' efforts to stabilise, and in many cases reduce, capacity. Combined with the rise in passenger numbers, this resulted in fewer empty aircraft seats, so enabling the airlines to increase fares and reduce the number of ruinous fare sales that had characterised previous years.

Simultaneously, the big US airlines have been making determined efforts to cut costs. Some have reduced employee numbers, others have succeeded in persuading employees to accept wage and benefit cuts; and all have gained from the industry's decision last

February to cap travel agents' commissions.

AMR, parent company of American Airlines, kicked off the industry's reporting season last week by reporting a healthy increase in underlying net income from \$81 to \$91m for the fourth quarter.

restructuring charges of \$533m before tax, largely to cover the cost of early retirement programmes for flight attendants and ground staff. It also took a \$36m provision for the uninsured costs of a crash in Columbia last month, the airline's first fatal accident since 1973.

increase from \$20.4m to \$38.4m.

One of the biggest turnarounds came from Continental Airlines, which produced better-than-expected fourth quarter net profits of \$11m after reporting net losses of \$23m a year earlier.

After coming close to filing for Chapter 11 bankruptcy last year, the airline changed course by dropping its loss-making, low-fare CALite operation and cutting back services to a profitable core.

In the latest quarter, Continental had 7,000 fewer employees and 21 fewer aircraft than a year earlier, resulting in a big decrease in costs. Capacity was flown by 15 per cent, but profitability was much greater, even allowing for the fact that the comparable period included restructuring charges of \$47m.

UAL, parent company of United Airlines, the biggest US carrier, was almost alone in producing figures that disappointed the market. After preferred dividends, it reported fourth quarter net losses of \$81m, up from net losses of \$12m last time.

As with AMR and Northwest, however, the UAL picture was muddied by a series of charges for aircraft retirements, early debt repayment and the accounting effects of the company's

employee ownership scheme. Without them, UAL said, net profits would have shown an increase from \$67m to \$98m, a 46 per cent improvement - not least because of the wage savings that accompanied last year's employee buy-out.

Southwest Airlines, the low-cost, no-frills operator that has so often set the pace for the rest of the US airline industry, suffered a hiccup in its impressive growth in the last quarter of 1994, but the latest quarter saw it back in more confident form with an increase in net profits from \$30m to \$48m.

Finally, cynics might suggest that the best evidence of the industry's recovery was that even US Air managed to make a profit - its first for the fourth quarter and the full year since 1988.

Fourth-quarter net profits were \$38.4m against net losses of \$342m last time, partly thanks to Continental Airlines' withdrawal from the battle for market share on the east coast.

Yet as US Air itself acknowledged, it still has big problems. It has the highest labour costs of any large airline in the US, and unless Mr Stephen Wolf, its new chairman and chief executive, can secure a cost-cutting agreement with its labour unions, the airline's outlook will look grim when the next downturn arrives.

Airline	Fourth quarter	Full year
UAL	(\$81)	(\$12)
AMR	\$91	\$81
Delta Air Lines	\$101	\$91
Northwest Airlines	\$111	\$101
Continental Airlines	\$121	\$111
US Air	\$131	\$121
Southwest Airlines	\$141	\$131

\* Figures not comparable with figures reported in previous quarters. Source: company reports

Unfortunately, the company also suffered a bout of special charges, and the figures reported at the bottom line showed an increase in net losses from \$129m to \$283m.

On the plus side, AMR saw a 4.1 per cent increase in the mileage flown by passengers, and the airline said fares had been more stable than they had been for a considerable time.

But the company took

Northwest Airlines was another strong gainer on the back of more passenger traffic and higher fares. Its figures were complicated by the accounting effects of an employee stock ownership scheme, but the company said that setting this aside, its net income would have shot up from \$45.2m to \$116.3m in the fourth quarter, excluding a \$49.2m property gain. The actual figure reported was a more modest

NOTICE OF FULL REDEMPTION

To the Holders of

**Bank of Tokyo (Caracas) Holding N.V.**

U.S. \$200,000,000

8.625 per cent Subordinated Guaranteed Bonds Due 2001

NOTICE IS HEREBY GIVEN to the holders of the U.S. \$200,000,000 8.625 per cent Subordinated Guaranteed Bonds due 2001 (the "Bonds") of Bank of Tokyo (Caracas) Holding N.V., a Netherlands Antilles corporation established in Caracas (the "Company"), that pursuant to Condition 6(b) of the Terms and Conditions of the Bonds, the Company has elected to redeem, on the next Interest Payment Date falling on February 27, 1996, all of the Bonds then outstanding at the principal amount thereof.

Payment of the principal amount of each of the Bonds will be made on or after February 27, 1996 upon presentation and surrender of the Bonds, together with all coupons appertaining thereto maturing after February 27, 1996 at the principal office of The Bank of Tokyo Trust Company, 100 Broadway, New York, New York 10033 or at the principal office in the city indicated of any of the following Paying Agents:

Bank of Tokyo (Schweiz) AG, Zurich

The Bank of Tokyo, Ltd., Brussels

The Bank of Tokyo (Luxembourg) S.A., Luxembourg

The Bank of Tokyo, Ltd., London

The coupon for interest payable on February 27, 1996 should be detached and presented for payment in the usual manner.

ON AND AFTER FEBRUARY 27, 1996 INTEREST ON THE BONDS WILL CEASE TO ACCRUE.

Bank of Tokyo (Caracas) Holding N.V.

By: THE BANK OF TOKYO TRUST COMPANY as Principal Paying Agent

Dated: January 26, 1996

NOTICE OF REDEMPTION

**MORTGAGE SECURITIES (NO.3) PLC**

£117,000,000 Multi-Class Mortgage Backed Floating Rate Notes due 2035

Notice is hereby given that, pursuant to Condition 5(e) of the Notes, the Issuer shall redeem:

£2,507,000 per Class A1 Note

£2,000 per Class A2 Note

£0.00 per Class A3 Note

on the next Interest Payment Date, being January 31, 1996.

**MORTGAGE SECURITIES (NO.3) PLC**

Dated: January 26, 1996

ASCOT CAPITAL LTD.

(formerly known as TFL-Global Capital Ltd.)

11 Upland House, P.O. Box 309, George Town, Grand Cayman

PT212047049191 Zone Coupon Notes Dec 2040

Notice of a General Meeting

The Noteholders are hereby convened in a general meeting, to be held at The Industrial Bank of Japan, Limited, London Branch, Bankers House, One Friday Street, London EC4A 3DF on 26 February 1996 at 10.30am to consider the following agenda:

(1) to replace the original Terms and Conditions of the Notes with the Terms and Conditions dated 31 November 1995;

(2) to replace the original Note Trust Indenture with a Note Trust Indenture dated 31 November 1995; and

(3) to replace the original Fiscal Agency Agreement with a Fiscal Agency Agreement dated 31 November 1995.

Delegates on the above agenda require a quantum of two-thirds of the Noteholders and may be passed by a simple majority of all the Noteholders and three-quarters of Noteholders present or represented at the meeting.

Copies of the Terms and Conditions, Note Trust Indenture and Fiscal Agency Agreement, all dated 31 November 1995, are available for inspection at The Industrial Bank of Japan, Limited, London Branch.

The holders of Notes should notify the clearing system through which such Notes are held of their attendance at least five clear days in advance of the meeting.

By: The Industrial Bank of Japan, Limited, London Branch

**N.V. De Indonesische Overzeese Bank**

US\$125,000,000

Floating Rate Notes 1997

The notes will bear interest at 6.20625% per annum for the period 26 January 1996 to 26 April 1996. Interest payable 26 April 1996 will amount to US\$1,583,601 per US\$100,000 note.

Agent: Morgan Guaranty Trust Company

**JPMorgan**

CHESHIRE BUILDING SOCIETY

(Incorporated in England under the Building Societies Act 1986)

£10,000,000

Floating Rate Permanent Interest Bearing Shares (PIBS)

For the Interest Period 28th September, 1995 to 28th March, 1996 the PIBS will carry an Interest Rate of 9.24766% per annum. The interest amount per £1,000 will be £45.99 payable on the 28th March, 1996.

London: The International Fund Exchange of the United Kingdom and the Republic of Ireland Ltd.

Bankers Trust Company, London Agent Bank

Barrick founder plans more active role overseeing the company's global expansion

Munk takes his mining group into a golden age

Mr Peter Munk, who founded Barrick Gold in Canada in 1983 and has seen it grow into the biggest gold producer outside South Africa, has been explaining why, at the age of 68, he has no intention of retiring and is taking a more active role in the group.

He quoted a long list of companies run successfully by elderly men who either founded them or were the biggest shareholders. There was a great deal to be said for a company with a first-class young management team with an older owner to superimpose the entrepreneurial drive that all growing companies need, he said. "The last thing I want to do is retire and it's the last thing shareholders want."

Barrick this month announced senior management changes which involved Mr Munk, chairman and chief executive officer, assuming direct responsibility for the company's expansion strategy.

Making his first public comment on these changes while visiting Barrick's operations in Chile, Mr Munk recalled that for the past five years he had stepped back a little from Barrick while the rest of the management team worked to get maximum results from the large Goldstrike mine in Nevada, one of the biggest in the world and which provides most of the group's gold reserves, output and cash flow. During that period Mr Munk devoted more time to the Hosham oil-to-property company.

Following Barrick's change of policy and a decision not to restrict operations to North America, the time came for him to devote more of his energy to identifying further growth opportunities for the company.

"We are determined that the entrepreneurial drive that created Barrick shall continue to shape our future."

He said Barrick previously did not have the time to grow, except by acquisition and then developing the acquired properties. However, in future, Barrick's growth would come from multi-faceted activity, including Goldstrike's cash flow and the strength of its share price to leverage our international expansion.

Barrick set up a \$1bn credit facility in December to help finance this expansion.

The company would also grow by exploration and development and it had increased the budget for this from \$15m in 1993 to \$100m this year, he said.

Barrick would remain a gold company after the strategic decision, in 1994, to grow internationally rather than by diversifying into other metals and minerals. The recent change of name from American Barrick Resources to Barrick Gold reflected this change.

Mr Munk pointed out that the global industry was changing fast. Countries that previously barred foreign companies were not energetically inviting

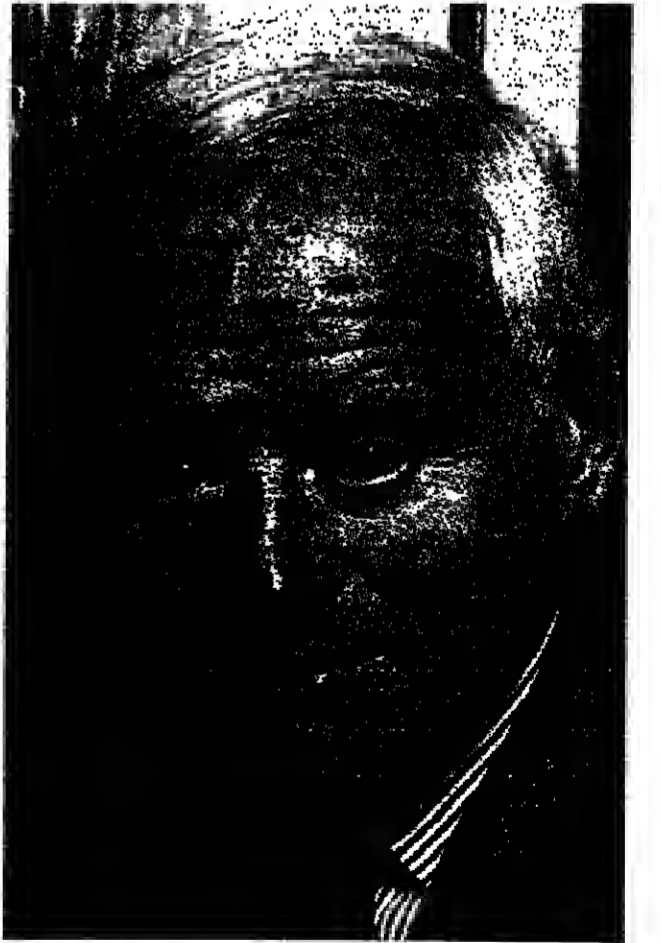
them to invest. A whole new era was emerging for the gold industry and the leadership role played by South African companies for two generations would come to an end in 10 to 15 years. Barrick intended to take up and maintain that leadership role. Barrick has 10 producing mines located on three of the most prospective gold belts in the world.

This month's management changes also involved Mr John Carrington, who joined the group a year ago from Noranda, Canada's biggest natural resources group, stepping up to become chief operating officer with responsibility for all mining operations. This meant Mr Bob Smith, 64, president, would wind down his responsibilities before retiring.

Other Barrick executives suggest one reason why Mr Munk is to play a more active role is so he can see if he can get along as well with Mr Carrington as he does with Mr Smith, who has been part of the Barrick management almost since the beginning.

Barrick's Goldstrike mine, on which it depends heavily, is surrounded by land owned and mined by Newmont Gold, the US group. Newmont sued Barrick in November saying it had violated a three-year land-use agreement between the two companies.

Newmont claims Barrick has exceeded its right to use Newmont land for disposal of ground water from mine de-watering operations. Barrick has counter-sued.

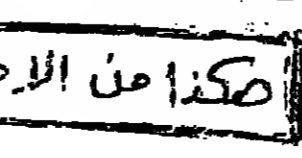


Peter Munk: sees a new era emerging for the gold industry

Mr Munk insisted this dispute did not herald a cooling of the previously friendly relationship between the two companies, one that includes the joint development of deposits split by the boundary between their land holdings.

"We have a hell of a lot more in common with one another than this small issue we are

Kenneth Gooding





COMPANY NEWS: UK

# Takeover speculation continues although the likely cost limits the number of possible bidders

## Standard Chartered share price falls back

**By George Graham, Banking Correspondent**

Standard Chartered, the London-based international bank, saw its share price fall back yesterday after saying it knew of no reason for a sharp rise on Wednesday.

The shares retreated to close at 36p, giving up much of their 43p gain in late trading. Although Standard Chartered has been the object of bid speculation for months, most banking analysts believe its current price has made a take-over all but inconceivable.

Standard Chartered's position, with banking businesses in roughly 50 countries, many of them in the thriving Asia-

Pacific region, would be attractive to many banks with global ambitions.

At current prices, the bank's market capital is about \$5.2bn, and any take-over bid would be expected to add a premium. Book value, however, is only around £1.6bn, leaving an acquiring bank with roughly \$4.5bn of goodwill to absorb.

Mr Peter Toeman, banking analyst at ABN-Amro Hoare Govett, said: "Rather than absorb that goodwill, it might make more sense for an institution to buy a smaller bank in Hong Kong or grow its business organically."

Accounting systems vary from country to country, but this goodwill would still have

to be absorbed, either in one bite from the buyer's capital account or over a number of years through the profit and loss account.

For a British bank, it would be the capital account which would suffer. Banks must maintain Tier 1 capital, principally equity and reserves, worth a minimum of 4 per cent of risk-weighted assets.

But in practice, a ratio of 6 per cent is necessary in order to satisfy the Bank of England's regulators. That means, in effect, that any bank would need to have a Tier 1 ratio of more than 10 per cent to consider acquiring Standard Chartered.

This hurdle would eliminate

everyone but HSBC, but few bankers can see any logic in a bid by HSBC, whose operations



Standard Chartered

Share price (pence)  
700  
650  
600  
550  
500  
450  
400  
350  
300  
250  
1990 91 92 93 94 95 96  
Source: FT Data

Malcolm Williamson, chief executive, \$5.2bn market value

overlap considerably with Standard Chartered. The goodwill problem would

not arise if a takeover were accounted for as a merger. But Standard Chartered's management has shown no indication of openness to approaches. The roster of possible bidders mentioned to justify Standard's recent elevated share price includes large banks from virtually every region: Deutsche Bank, NatWest and Bank of America have been among the imaginative suggestions.

Some brokers believe, however, that the surge in the price reflects the fact that much of the company's stock is held by a relatively small number of shareholders. In addition, fund managers have been eager for stakes since the shares joined the FTSE-100 index.

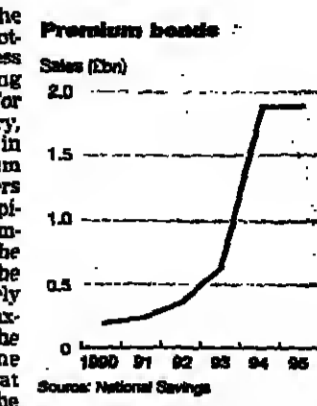
### LEX COMMENT

## Premium bonds

Premium bonds lack the glamour of the national lottery; but they are also a less effective way of pouring money down the drain. For every £1 spent on the lottery, only half is paid back in prizes. With a premium bond, by contrast, punters are certain to get their capital back; all they are gambling with is interest. The result, inevitably, is that the rewards are commensurately unexciting. At £1m, the maximum win is well below the big pay-outs from the national lottery. And at 1.5bn for each £1 bond, the chances of winning it are even more paltry than the 1:14m chance of winning the lottery jackpot.

But do premium bonds stack up as an investment? Some think so - because the fund pays out 4.75 per cent, tax free, in prizes. For a higher rate taxpayer investing the £20,000 maximum, this is above the best building society rate, where cash is available after a week's notice, with 3.75 per cent net. Even if they never win a prize above £1,000, holders of large numbers of bonds should, on average, have little difficulty outperforming that.

The snag, of course, is that the point of putting money into a building society is to buy certainty. With premium bonds, where an investor could end up winning nothing at all, this certainty is lacking. And by reshaping the prize structure yesterday in favour of bigger prizes, the government has accentuated the risk of zero returns. It therefore makes more sense to compare premium bonds with equities - which means it makes little sense to buy them.



### DIGEST

## Staley shortfall will hit Tate

Tate & Lyle, the sweeteners and starch producer, warned yesterday that profits from Staley of the US, by far its biggest earner, would fall sharply this year.

"Substantially lower margins" were expected at Staley because of the high costs of maize, its raw material, and competitive pressures, Tate told its annual meeting. Hedging of maize purchases and cost reductions would help offset the pressures, but profits would be below those in 1994.

Tate's shares ended the day 8p down at 463p as some analysts downgraded their Staley forecasts. But most forecasts of group pre-tax profits were left unchanged at between £300m and £350m after Tate said results for the year to September would broadly match last time's £31m.

Roderick Orvan

### Water Hall chairman ousted

In a rare show of shareholder power, a trio of brothers and their supporters have effectively ejected Mr Edward Weiss as chairman of Water Hall, the quarrying group formerly known as Starmin.

Voting by proxy prior to an extraordinary general meeting held yesterday, the three Abdullah brothers led a group of shareholders who carried the motion to oust Mr Weiss. They also passed a resolution to replace him with Mr Anthony Smith, chairman of the University of Wolverhampton. The vote followed a boardroom battle over strategy between Mr Raschid Abdullah, non-executive director and former deputy chairman, and the rest of the board.

Motoko Rich

### Woolwich doubles French loans

Woolwich Building Society, the UK's third largest, said it was doubling its presence in France by acquiring the mortgage portfolio of Midland Bank's French subsidiary, Mr John Stewart, operations director, said the acquisition would lift the value of its French home loans to about £1.5bn (£2.3bn).

It follows the 1991 deal in which the society formed Banque Woolwich by acquiring the branches and operating assets of Banque Immobilière de Crédit from Midland. Since then, it has administered Midland's French home loans portfolio for a management fee.

## Holiday shares fall on warning

**By Peter Penrose**

Shares in Holiday Chemicals fell by more than a quarter in value yesterday as the specialist chemicals group announced that 1995 profits would fall below market expectations.

Analysts cut their forecasts for 1996 profits from about £23m-£24m to £21.6m (£21.6m).

Holiday's warning was the latest in a series of downward statements from chemicals companies including Albright & Wilson, Allied Colloids, British Vita, Laporte, W. Gammag, and Yorkshire Chemicals.

They have blamed sharply increased raw material prices, the inability to raise selling prices and softening in demand as a result of destocking.

One chemicals analyst said that forecasts for half the companies in the sector have had to be revised downwards. Share price falls in the sector yesterday included British Vita - down 15p to 199p; and Yorkshire - down 22p to 262p.

Holiday's warnings prompted a 45p fall in its share price to 118p.

It said underlying pre-tax profits for 1995 would be £15.4m, against £19.3m in 1994. This was due to the rise in raw material prices, mostly felt during the second half. There would also be one-off costs of £3.3m.

## Unitech advances 45% helped by buoyant Japan

**By Tim Burt**

Unitech, the international electronic components and controls group, yesterday reported a 45 per cent increase in first half profits amid buoyant Japanese demand for its power supply equipment.

Pre-tax profits rose from £15.3m to £22.9m (£26m) as sales improved 20 per cent to £207.2m in the six months to November 30.

Mr Peter Curry, chairman, said the improvement had been fuelled by rising orders from Japanese manufacturers as they increased investment overseas.

Most of those orders were placed with Nemco-Lambda, Unitech's jointly-owned Japanese subsidiary, whose contribution to Unitech's pre-tax profits rose 57 per cent. That helped lift profits in the power supplies division, the group's largest, by 34 per cent to £19.9m at constant

exchange rates.

This contribution offset a more modest performance in Unitech's two smaller divisions. The connectors business overcame weak sales in France to raise profits but control products saw profit decline as the sluggish UK construction and property market restricted sales.

Together, the three divisions contributed operating profits of £24.8m (£18.1m).

Mr Curry, however, sounded a note of caution by admitting that European sales growth had faltered in the second quarter. If that trend continued, he predicted, the gap could widen between the power supplies division and its smaller siblings - especially if sales in Asia Pacific gathered pace.

His cautious outlook prompted a 10p fall in the shares to 49p.

Earnings per share rose from 11p to 14.6p and an interim dividend of 2.9p (2.7p) is declared.

## Government sells last BAA holding

**By Antonia Sharpe**

worth about £109m, and a 2.9 per cent stake in PowerGen, worth £56m.

The biggest holding is a company's share percentage of the 13.89 per cent stake in Mersey Docks & Harbour, worth about £22m.

Rothschild invited a limited number of banks to take part in a competitive tender early yesterday. Merrill Lynch, the international investment bank, won the mandate by bidding 491/4p a share, representing a discount of just 0.56 per cent to Wednesday's closing bid price of 494p.

Midland Bank yesterday raised £24m by selling its remaining 5.25 per cent stake in BAA, the venture capital company.

## Building societies margin war seen

### 1995 could be the last year of consistent growth. Alison Smith reports

A looming margin war between building societies is likely to hit 1996 profits, according to UBS, the stockbrokers. It said that 1995 was likely to be the last to see consistent growth in pre-tax profits among the largest societies.

Mr Rob Thomas, UBS societies analyst, believes that moves by some societies to enhance rates to customers at the expense of profits will force others to do likewise.

The maintenance of margins - in general at levels scarcely lower than in 1994 - has been one of the main factors behind the profit growth among the larger societies for 1995. This contrasts with the diminishing importance of falling provisions for bad and doubtful debts in boosting profits.

Mr Thomas identified three broad groups among the larger societies: those such as Yorkshire and Coventry, which have reported consistent year-on-year growth in pre-tax profits and so do not show spectacular rises, those which are still benefiting from sharp falls in bad debt provisions, such as Alliance & Leicester and National & Provincial, and those such as Northern Rock and Birmingham Midshires, whose performance is driven by strong asset growth.

For 1996, however, it is already clear that the move towards enhancing rates for customers will depress profits. The last time this happened across the sector was on a less voluntary basis in 1992, as lenders had to increase their bad debt provisions.

Yorkshire believes its scheme will cost £20m this year, while Bradford & Bingley, which announced its plans this week, estimates its profits will be down 20m.

Other societies, notably Nationwide (which does not appear in the table because it has an April year-end) and Britannia, have also committed themselves to programmes of improving their mortgage and savings rates, but as yet have not set out details of these schemes.

Mr Thomas believes that these moves will mean that other societies which do not intend to become public limited companies either by floating or by being bought will have to produce similar plans, to demonstrate the value of mutuality to their customers.

BUILDING SOCIETIES' PROFIT FORECAST, 1995*					
	Forecast pre-tax profit	Previous year's profit	Year-on-year change %	Forecast net interest-bearing asset growth %	Forecast bad debt provision charge (£m)
Hallifax	1,250	975	N/A	2.2	N/A
Woolwich	350	320	+16	2.1	40
Alliance & Leicester	335	294	+16	2.5	10
Bradford & Bingley	161	180	-11	2.0	15
National & Provincial	158	134	+18	2.2	28
Northern Rock	148	115	+28	1.5	18
Britannia	115	101	+14	2.0	29
Yorkshire	83	79	+5	2.0	6
Alliance & West	70	57	+23	1.8	26
Birmingham Midshires	62	52	+19	2.0	8
Coventry	41	40	+3	1.8	3

\*All year-end and 31.12.95 except Hallifax (31.12.94). Figures for Halifax are not comparable with previous year due to merger with Leeds. Source: UBS

RESULTS		DIVIDENDS	
Company	Turnover (£m)	Pre-tax profit (£m)	EPS (£)
Barclays Bank	6.69 (6.59)	1.57 (1.83)	62 (77)
Charterhouse Bank	2.11 (2.1)	1.84 (1.48)	12.5 (11.4)
Commercial Union	543.4 (584.7)	37.16 (32.8)	13.91 (11.7)
Guinness	15.3 (15.3)	0.81 (0.76)	0.8 (0.7)
Jainco	3.01 (2.42)	0.158 (0.09)	3.75 (2.2)
Lloyds Bank	388.9 (396.7)	6.29 (6)	15.2 (15)
Midland Bank	1.14 (1.14)	1.4 (1.28)	2.5 (2.2)
Prudential	0.030 (-)	3.82 (2.97)	11.05 (11.94)
Scottish Friendly	68.1 (-)	0.03 (-)	0.1 (-)
Windsor & West	207.2 (172.7)	22.6 (15.8)	14.5 (11)
Wigan	2.08 (1.84)	0.267 (0.172)	0.074 (0.025)
Wood (John D) S	3.65 (3.58)	0.231 (0.201)	1.5 (2.3)

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## RECRUITMENT

The free-wheeling American labour market model has won increasing admiration from public policymakers in Europe as they continue to wrestle with registered mass unemployment that is much higher than across the Atlantic.

It is praised for its apparent flexibility that provide American employers with an unquestioned right to hire and fire at will and thereby make it easier for them to create jobs and keep down the unemployment level.

Moreover, US companies are said to be able to respond much faster than their European competitors to changes in the global economy to create high performance workplaces because they operate in more deregulated labour, as well as financial and product markets.

By contrast, the social market economies of continental Europe are castigated for perpetuating over-generous welfare benefits and legal employment protections, along with top-heavy state bureaucracies and over-mighty trade unions that obstruct the growth of employment opportunities.

As David Marsden at the Centre for Economic Performance at the London School of Economics argues, the "compromises on which the post-war European model was built have been shaken". "Tripartism, industry-wide bargaining and employee participation have all

**JOB: Europe is looking to the US as a model, but some Americans question its value**

## Mixed messages across the big pond

been challenged as obstacles to swift adaptation to shifting markets and hence as a cause of declining competitiveness of European industries and of high unemployment", he says.

In these bleak circumstances, it is perhaps no surprise that the US model to many seems more alluring. But not all Americans are enthusiastic salesmen for the way their labour market works. A new book has just been published\*\* by the centre-left think-tank in Washington, the Economic Policy Institute, that warns Europeans not to be seduced by what it believes are the superficial attractions of the US model.

It is particularly unimpressed by the claim that the US has enjoyed phenomenal job growth since the early 1980s. "This has become a policy cliché on both sides of the Atlantic", says Jeff Faux, the institute's president. The book argues that, in fact, employment expansion in the US was lower over the past decade than in the other leading nine western industrialised economies, and a much greater share of US job growth was "driven by

increases in population than in increases in the portion of the population that was working". Faux points out that both Australia and Canada enjoyed greater jobs expansion than the US over the period, although those two countries are "generally more regulated, have higher rates of unionisation and more generous welfare systems". Moreover, he adds the US jobs performance was actually superior in the 1970s than in the 1980s compared with Europe when "the US welfare state was at its most expansive".

Nor is the institute impressed by the argument that the US has more competitive labour costs than those of the European Union countries. It calculates lower labour costs are mainly due to the decline in the dollar's value. But the book's main criticism is that the US labour market model has been based on "the deterioration of the standard of living of most Americans over the last 15 years".

Larry Mishel, the institute's research director, argues: "The core problem facing working Americans is the long-term erosion of their

ability to obtain and keep good jobs that sustain middle-class incomes."

Wage inequalities have also continued to grow during the 1990s while the real pay of high school graduates, blue-collar workers and men have gone on falling. The only group of employees to escape from the downward pressure on real wages have been those with advanced or professional degrees involving an education beyond a four-year college degree.

Robert Reich, President Clinton's labour secretary has made a mantra out of the call for more education and training to make US workers more skilled for high performance workplaces. But the education levels of workers are rising as their wages are falling.

It is estimated 20 per cent of college graduates are working in jobs that do not require any higher education, and it is estimated an even larger proportion of graduates will be under-employed by the end of the century. As a result, the wages of non-college educated workers are being squeezed and the employment opportunities open to them are less well paid and secure.

The problem is not, however, that "a small group of unskilled workers are undergoing a painful adjustment to the new economic order", but that the wages, benefits and working conditions of three-quarters of the workforce without a college degree are being driven down. "Now this trend is spreading to white-collar and college-educated groups, the beneficiaries of the new economic order are even harder to find", concludes Mishel.

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Such analysis has led Americans who think like him to look enviously at what they see as the superior virtues of the European model with its coordinated bargaining, high minimum wages, greater earnings equality and generous unemployment benefits that act as a counterweight to the downward pressure on the real pay of workers at the bottom of the earnings table, plus the dangers of social deprivation, racism and political extremism.

However, cogent criticism of the US model by American labour economists should not lead them to believe all is well with the Euro-

pean social market. A paper\*\*\* presented earlier this month to the Organisation for Economic Co-operation and Development by Prof Richard Layard and other colleagues at the LSE's Centre for Economic Performance suggests some policy options that may help reduce European unemployment without dismantling basic protections for employees.

As many in the centre are close to Tony Blair's Labour party, its ideas are likely to attract growing interest in the months ahead. Layard and his colleagues believe it should be the role of governments not to pursue "flexibility" so much as "active labour market policies". This would involve imposing two new "obligations" on European governments if the social chapter of the European Union is "to contribute to lower unemployment".

First, young people must be "prevented" from ending their education "until they have acquired basic literacy, numeracy and vocational competence". Even more controversially, the centre wants governments to ensure nobody remains unemployed for over 12 months.

This would require a radical approach to the jobs/welfare system, with an end to long-term unemployment benefits in return for the guarantee of a job or a training place to the jobless concerned. "When people enter unemployment they need to understand there will be no possibility of an indefinite life on benefits," argue Layard and colleagues.

Such labour market reforms are clearly coercive and would restrict individual freedom. But as the US model suggests, there is an even bigger price to be paid in deregulation that is borne by the most vulnerable employees, with plummeting real pay and declining living standards.

\*\*\* *Current special 1995 issue of Labour: Review of Labour Economic and Industrial Relations from Blackwell, annual subscription £55.* \*\* *Securing the US Model: Jobs and Wages in a Deregulated Economy, edited by Laurence Mishel and John Schmidt, Economic Policy Institute, 1650 L Street, Suite 1200, Washington DC 20036, \$24.95.* \*\*\* *Combating Unemployment: Is Flexibility Enough? by R. Jockson, R. Layard and G. Nicholls for OECD Conference on Structural Reform, Macroeconomic Policies and Economic Performance, 18-19 January 1996.*

Robert Taylor

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- For one of the two positions, experience in developing and managing multi-dimensional and time-series statistical databases is sought.
- Command of English and ability to communicate in non-technical terms. A working knowledge of other European languages would also be desirable.

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- Experience in developing and managing multi-dimensional and time-series statistical databases.
- Experience with PC-LAN based systems, preferably with the FAME time-series management system on UNIX, and with Windows and PC-based Windows applications, including spreadsheet (Excel), database (MS Access), graphic and econometric packages.
- Command of English and ability to communicate in non-technical terms. A working knowledge of other European languages would also be desirable.

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- Experience in creating, updating and checking databases of monetary and economic time-series data, producing tables and charts from statistical data and participating in the development and maintenance of software applications. Candidates should also ideally be capable of assisting with the preparation of macroeconomic model simulations and be familiar with techniques of econometric estimation.
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- Command of English. A working knowledge of other European languages would also be desirable.
- Familiarity with money and banking, balance of payments and national account statistics as well as with international data banks.
- University degree in economics, statistics or a related discipline, or, alternatively, equivalent experience.

Applications, which should include a Curriculum Vitae and a recent photograph, references confirming the required experience and skills and, if possible, copies of papers and notes prepared by candidates, should be addressed to the European Monetary Institute, Personnel and Office Services Division, Postfach 10 20 31, D-60020 Frankfurt am Main, and should reach us no later than 15th February 1996.



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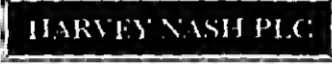
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To apply please telephone Bob Sheward or send your CV in English to him, quoting reference number FT468/1299, at McCourt Consultants Limited, 66-68 St. Marys Lane, Reading, Berkshire, England RG1 2LG.

Telephone: +44 (0)1754 509441  
Fax: +44 (0)1754 501536  
E-mail: bob.sheward@mcl.co.uk  
E-mail: +44 (0)1754 501536



**McCOURT CONSULTANTS LTD**

## ENRON DEVELOPMENT CORPORATION

### PROJECT DEVELOPMENT ANALYST

Enron Development Corp. is a subsidiary of Enron Corp., one of the largest integrated natural gas companies in the world with an asset base of approximately \$14 billion and more than 7,000 staff. Enron has achieved compound annual earnings per share growth of 20% since 1990 and continues to pursue a programme of dynamic expansion. EDC works on international project development.

The Company is seeking a Project Development Analyst to assist in the development and financing of natural gas and power capital projects in Europe. Based in London, the Analyst will assist developers in analysing project feasibility, in proposal preparation and in structuring the technical, commercial and financing aspects of project deals. Particular emphasis will be placed on developing economic models Lotus 1-2-3 based for each project. This multi-disciplinary modelling task requires that the Analyst be able to intelligently obtain relevant information from all functional areas that impact the project economics, including; engineering, construction, tax, financing and other speciality areas.

A highly motivated, self-starter, the successful candidate will most likely possess a degree with 1-3 years experience in industry or financial services. Financial modelling experience is essential. The individual must also be capable of assuming greater development responsibilities in the future.

Enron offers a competitive salary and flexible benefits package which includes pension, medical and dental cover. Other benefits include a share ownership plan.

Interested parties should send a detailed CV with current salary package to the Human Resources Department, Enron Capital & Trade Resources, 4 Millbank, London SW1P 3ET  
Closing date for applications: Wednesday 7th February 1996

## Euro London Appointments

### BANKING WITH LANGUAGES

**CREDIT ANALYST - FLUENT GERMAN**  
ES - ENR + FRG

Leading European Bank is currently seeking an Analyst with min. 2 years experience with a Bank or Finance House. Responsibilities will include the analysis of both Corporate and Financial Institutions so experience in analysing either or both of these areas is desirable.

**SWAPS SETTLEMENTS OFFICER - FLUENT GERMAN/ENR/FRG**

Exceptional opportunity for applicants with min 2-3 yrs exp. within Derivatives. Great position for all-rounder who has gained experience in Options, Caps and Floors. Lots of variety involving close liaison with the dealers! Knowledge of DEVON and MIDAS advantageous.

**COMPLIANCE OFFICER/ENR + FRG**

Reporting directly to the Head of Risk, you will be responsible for the regulation of all business under SFA rules. You will have min 2-3 yrs exp. in a Banking environment and must be SFA registered. Knowledge of German advantageous though not essential.

**DOCUMENTARY CREDITS - FLUENT FRENCH, GERMAN OR DUTCH**

Several temp to perm opportunities have arisen for candidates with prior experience in International Trade! You will have spent at least 6 months working within the Trade and Finance areas of a Bank and be familiar with all aspects of Letters of Credit. Lots of liaison with international clients therefore excellent interpersonal skills a must!

EURO LONDON APPOINTMENTS  
Tel 0171 583 0180 Fax 0171 353 9849  
Hare Place, 47 Fleet Street, London EC4A 3BJ

## The Top Opportunities Section

Advertise your senior management positions to Europe's business readership.

For information please contact:

Will Thomas  
+44 0171 873 3779

## MARKETING EXECUTIVE (EUROPE) INSTITUTIONAL FUNDS

### LEADING INSTITUTIONAL ASSET MANAGEMENT GROUP

Our client is a leading International Investment Group, with an outstanding record of performance in managing assets totalling in excess of £60 billion on behalf of its clients, of whom at least two thirds are domiciled outside the UK. As a result of continuing business growth, the Group is seeking to appoint an additional European Marketing Executive to join its well established and highly successful International Marketing team.

**THE ROLE**

You will be responsible for marketing the Group's International Investment products to a diverse range of potential clients within a specific regional sector. You will work closely with fund managers in preparing for new business presentations and will contribute to the development of new investment products.

**THE REWARDS**

A highly attractive salary and bonus are offered, together with a generous benefits package. For ambitious and successful individuals long term career prospects are exceptional.

**QUALIFICATIONS**

You will have a proven track record of success in a similar role with a minimum of three years experience. You will have a good degree and be fluent in at least one additional European language. Ideally you will have had some experience of managing money. You will be energetic, self-disciplined, possess drive and initiative and be happy to travel frequently.

Please reply by letter or fax with a current CV and indication of current salary to:  
KW Selection, 140 Park Lane, London W1J 3AA.  
Fax 0171 355 1521 quoting reference EME/CI

**KW SELECTION**  
A Knight Wendling Company

## MANAGING DIRECTOR

### Excellent Package

This is an exciting opportunity to expand the activity of an investment banking company in Prague which benefits from substantial financial backing by a diversified holding company. Present activities include debt and equity issuance, broking and dealing, corporate finance advice, capital raising, venture capital and asset management. The new Managing Director will build on this foundation and develop the company's international business.

#### The Position

- High profile, autonomous position offering outstanding reward for success.
- Responsible for fostering profitable growth and strategic development.
- Reporting to the holding company board.

#### The Requirements

- Preferably 7-10 years' experience of investment banking and capital markets.
- Any nationality although fluency in Czech required.
- Should have worked in a major international financial centre.

Please send your CV with current salary details to:  
Patrick Alexander, K/F Associates.

252 Regent Street, London W1R 6HL, quoting ref: 6979/A, or alternatively by e-mail to cv@kfaeurope.com

Internet Home Page address: <http://www.kfaeurope.com/kfaeurope/>

**K/F ASSOCIATES**  
ROBIN FERRY CAPRI/ORBAN INTERNATIONAL

## International Credit Inspector

### AN EXCEPTIONAL OPPORTUNITY FOR CAREER DEVELOPMENT

#### Spanish Speaker

London Based

One of the UK's leading financial services providers, Abbey National PLC, is seeking an International Credit Inspector to take responsibility for reviewing the credit of its Continental European subsidiaries in France, Italy and Spain.

The position will be based in London and will involve significant travel, especially to Madrid. You will act as the focal point for reviewing the credit administration and policy of all three entities, for reviewing the quality of the various loan portfolios and for verifying the approval process for individual loans and ensuring the quality of credit and credit administration for each unit inspected.

You will have a strong background in credit inspection within a branch banking environment, although this may not be the job you perform today. You will speak Spanish well enough to be able to understand written credit presentations in the language.

In return, we offer an attractive salary and discretionary financial sector benefits. A valued member of an innovative and professional team, you will be encouraged to develop your career at Abbey National and build on your knowledge and experience.

If you're a committed team player, looking for a fresh challenge, please write with career details to our consultant, Patrick Ferron, TASA International, 15 Carver Street, London SW1H 9DJ.

In pursuing our policy of equality of opportunity for all, Abbey National positively welcomes applications from every section of the community.



Promoting Success Through Equality

## ECONOMIST

(2 Positions)

### Russian Federation

The U.S. Treasury Department provides technical assistance and policy advice to senior officials of the Russian Federation. Treasury is recruiting two (2) economists for resident assignments (up to 2 years) to the Russian Federation, to be posted in Moscow.

The first adviser (macroeconomist) will provide analysis and policy advice on medium term macroeconomic issues facing the Russian economy, and will help build a capacity to address such issues within the Russian Ministry of Finance. Such advice will inform decision makers in the budget process of the impact of the economy on the budget process, and the impact of the budget on the economy. Ideally, the Adviser will have a background in balance-of-payments analysis. The Adviser may also assist in the structuring and obtaining of valid and reliable data to support decision systems. The second adviser (budget policy) will assist the Russian Ministry of Finance in developing and improving economic indicators to be used by decision makers. The Adviser will define the data needed by the Ministry to enhance its economic information, and help develop new sources of economic information.

Applicants should be self-starters. Prior overseas work experience in challenging environments and knowledge of the Russian language would be distinct advantages. While technical skills are essential, the abilities to gain the confidence of host officials and provide sound but realistic advice will determine ultimate success. A Master's degree in economics or a related field is required for both positions.

Salaries are negotiable to the maximum amount set for comparable government salaries for the two positions as follows: Flat position (macroeconomist) - \$82,900, second position (budget policy adviser) - \$82,900. Salaries will be negotiated in accordance with program regulations, and be based on demonstrated salary history, not to exceed the maximum indicated. Fringe benefits will be provided in accordance with program regulations. U.S. citizenship is required. Applicants must submit a cover letter specifying preferred position and U.S. Government Standard Form SF-171 (or Optional Form OF-612) within 21 days of the appearance of this notice to: Department of the Treasury, Procurement Services Division Room 1436, Attn: WTB/Debt, 1500 Pennsylvania Avenue, N.W., Washington D.C. 20220. Only successful candidates will be contacted; application materials will not be returned.

The U.S. Government is an Equal Opportunity Employer.

### Major European Bank

## FOREX SENIOR DEALER

### Hong Kong

#### The Client:

A leading European Banking Group seeking to recruit a highly qualified Exchange Senior Dealer for their Hong Kong Branch.

#### The Position:

- Develop a wider trading of European currencies within a global 24 hour Forex - trading network.
- Reports directly to the Head of Treasury Group.

#### The Person:

- Graduated from either university or business school, or engineer school.
- At least 2 years experience in forex spot markets acquired in a major bank or a large corporation.
- Fluent in English; knowledge of French is advantageous.
- Strong interpersonal and communication skills.
- Should be highly self-motivated and able to fully understand client requirements.

#### The Rewards:

- The remuneration package will include a competitive base salary, highly attractive bonus scheme and housing allowance in Hong Kong.

Please reply with full details to Danielle ELOUIS.

**COR'EX**  
CORPORATE RECRUITMENT

11, avenue Myron Herrick - 75008 Paris - Fax: 42 25 13 24

### The Inter-American Development Bank has an opening in Washington, DC for a: SWIFT CENTER SYSTEM OFFICER

Responsible: Operate, administer and maintain the SWIFT/Telex System (STS) using Logical's Fastwin Software. Interface with the SWIFT Network and Telex carriers; install and test new versions of Software, monitor performance, maintain security, identify systems errors, support software interfaces, and participate in STS disaster recovery plan and in systems development within the department.

Requirements: Bachelors degree in Computer Information Systems or related field. Minimum three years experience in computers or information and communication systems; one year with a Masters. Experience with the SWIFT System desirable. Fluency in English required.

The IDB is an international financial institution promoting economic and social development in Latin America and the Caribbean. Position offers excellent salary and benefits package, including relocation. Resumes should be received by February 9, 1996. Send to: IUR-RO-FT IDB Stop EC657 1300 New York Avenue, N.W., Washington, DC 20577 USA or FAX (202) 623-3098. The Bank regrets that it is able to respond only to applicants who best meet the position requirements.

### ENTREPRENEURS / BUSINESSMEN

Young, ambitious, Oxbridge graduate, currently at prestigious city institution looking to work with successful entrepreneurs.

CONTACT UK: 01426 938871

### Ph.D. Investment Banking

Outstanding Mathematicians/Scientists required to join derivative trading desk, to train us analysts or risk managers.

PLEASE CONTACT CARL BAUM 0171-972 0150 (Rec Cons)

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### Excellent Performance-Related Packages

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Bridge Information Systems and Bridge International Broking are part of Global Financial Information Corporation, a leading provider of on-line information and transaction products for investment professionals worldwide. Bridge, a wholly-owned subsidiary, provides comprehensive and timely fundamental data combined with advanced technical graphics and extensive analytical displays. Bridge International Broking offers its worldwide institutional clients a natural source of liquidity, timely investment information and non-biased agency execution. Continued growth of its global product line has resulted in a select number of exciting opportunities.

### Bridge Information Systems Sales Executives

Ref FS60109

- THE POSITIONS**
- Identify and grow sales in existing and prospective clients.
  - Ability to plan and administer marketing, sales and profitability of assigned and new relationships.
  - Self-starters with potential to market aggressively a sophisticated and technical product range.

- QUALIFICATIONS**
- Proven sales performance in this or related industry or professional investment community.
  - Graduates with financial industry experience in a major financial market.
  - Bridge competency and European language preferred.

Bridge Information Systems, Inc.  
E.V. Partners  
HarrisVision Corporation  
GFI Network Services

Please send full cv, stating salary and quoting relevant reference, to NBS, 10 Arthur Street, London EC4R 9AY

**OGFI**

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### Bridge International Broking Sales/Analyst

Ref FS60108

- THE POSITION**
- Provide rigorous technical analysis on UK and European equities.
  - Sell Bridge's trading capability to American and European client base. Work closely with trader.
  - Key member of small team. Individual accountability high. Extensive travel.

- QUALIFICATIONS**
- Graduate with minimum two years' analysis experience in UK or European equities. Knowledge of US investment market preferred.
  - Rigorous analytical ability, probably with formal qualification. Registered representative.
  - Excellent numerical and commercial skills. Fluent, confident communication. Able to develop investor base.
  - Bridge competency and European language preferred.

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## BOARD MEMBERS

### A limited number of vacancies exist on the Board of the Higher Education Funding Council for England

The Higher Education Funding Council for England was established on 1 April 1992 to promote high quality, cost-effective teaching and research in higher education. It advises the Secretary of State on the funding needs of higher education, and distributes available funds to institutions. It operates under the guidance of a Board of 12 to 15 members including the Chairman and the Chief Executive.

Appointments, usually for terms of three years, are made by the Secretary of State for Education and Employment.

Members attend monthly Board meetings and also serve on a number of Committees. The time requirement for Board members varies, but it is expected that this would be, at minimum, about 20 days per year.

Meetings take place alternately in London and Bristol. Travel and other expenses can be claimed.

The positions are unpaid, but Board members receive a taxable honorarium of £4,000 per annum.

Candidates may have an academic, business or professional background. Applications are particularly welcome from holders of senior academic or administrative positions, who need not necessarily be heads of institutions, and from active senior industrialists.

Further information on the work and constitution of the Funding Council can be obtained from:  
Paul Penkman,  
Chief Executive, Higher Education Funding Council for England,  
Northway House, Colindale Avenue, London, NW9 1HQ.

Expressions of interest in the form of a letter explaining what applicants believe they could offer as HEFCE Board members and short supporting cv. should be sent by 16 February 1996 to:  
Graham Goswami,  
Room 1C7, Department for Education and Employment,  
Sanctuary Buildings,  
Great Smith Street, London SW1P 3BT.

## SENIOR TRADER

### EUROPEAN CURRENCY MARKETS Tokyo

Our Client is a major European Bank that is undergoing significant global growth.

The role will involve trading the European Money Market Portfolio both on and off-balance; expanding and developing the existing USD and JPY off-balance sheet money market activity; communicating and liaising with other branches and supervision of junior staff.

Candidates will have a minimum of 5 years trading money products, both as market makers and strategic positioners. DM FRA experience is preferred. They should have a strong educational background, be a motivated team player and possess strong communication skills. Familiarity with financial markets in Asia time zones and/or working experience in Japan would be an advantage.

An excellent remuneration package including benefits and a very significant bonus potential is available for the successful candidate. For an initial discussion in confidence please call us quoting JOI/96 at 20 Cousin Lane, London EC4R 3TE. Telephone: 0171 236 7307 or Fax: 0171 489 1130.

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STEPHENS SELECTION

## GLOBAL CUSTODY RELATIONSHIP MANAGER

### Excellent Package

The Bank of New York is a lead provider of Securities Processing Services to the market and a respected Trust and Investment Manager. We operate a complete range of processing and operating services, supported by superior technological resources to investors and institutional resources. Exciting career opportunities now exist to join this successful Global Custody team. Candidates must have:

- Experience in developing and maintaining strong client relationships within a service oriented environment.
- Superior knowledge of Global Custody or investment management operations.
- Ability to actively identify new business. European languages an advantage.
- First class interpersonal and communication skills. Proactive, energetic, skilled negotiator. Team player.

Written applications only please, including full CV and current salary details to:

Maria Gigli, Personnel Officer, The Bank of New York, 46 Berkeley Street, London W1X 6AA.

**THE BANK OF NEW YORK**

### APPOINTMENTS WANTED

#### NUMERATE GRADUATE WANTED

To join a small options trading company as a trainee on the LIFFE floor. Age 20-25.

Send CV to:

WOLBEEKS OPTIONS LONDON LTD,  
23 Cannon Street, London EC3A 7FP

### Our client, a major international Asian stockbroking firm, requires KOREAN EQUITY AND DERIVATIVE SALESMAN LONDON OFFICE.

Korean speaker, with a relevant degree, and preferably an MBA. A minimum of 10 years trading experience in the Korean securities industry, strong relationships with the UK and European institutional clients. Previous work experience in Korea will be expected, with one of the recognised brokerage firms and/or a "chaebol". Other qualities required are a strong economic background and credit analysis skills.

Contact:  
LEADER FINANCIAL RESEARCH LTD  
5th Floor, 27 Ainslie Priory, London EC2N 2AA UK  
Tel: 44 171 256 5550 Fax: 44 171 256 5580

صكذ عن الاصل

**BRING YOUR PROFESSIONAL INFLUENCE TO  
BEAR AT SENIOR LEVEL IN CORPORATE BANKING**

## SENIOR RELATIONSHIP MANAGERS

London & South East **£30k + bonus + car**

When you process transactions valued in excess of £70 billion per annum - that's £1 in every £4 that passes through the nation's tills - you can justifiably claim to be a major force in UK banking. One of the main reasons for Girobank's success is our total commitment to developing solid working partnerships with our clients. We now need enthusiastic and knowledgeable people in secure the long term development of these relationships.

You will be accountable for maintaining and enhancing relationships with existing customers and identifying and winning new business opportunities. From the renegotiation of contracts to ensuring the delivery of a quality service, you will have responsibility for actively enhancing the corporate banking portfolio.

You must have experience gained within a first-rate corporate financial environment embracing a comprehensive knowledge of cash handling and money transmission.

Competitive and a high achiever, you will have the well-honed sales, negotiation and persuasion skills essential to succeed in this target-driven role.

We offer first-class remuneration packages - attractive to the highest calibre people - together with realistic career prospects in a progressive environment.

If you think you could make an active contribution to our continuing success then please send full cv to Trish Mercer, Personnel and Training Adviser, Girobank plc, Bridle Road, Boodle, Merseyside GTR 0AA.



### Investment Research Stockbroking

Paper & Packaging, Mining and Drinks & Leisure  
Age 25 - 32

A leading UK based international stockbroking firm has openings for industry specialists in a number of sectors.

Through its strong institutional broking business, the firm plays a major role in raising equity and long-term debt finance for British industry. It also raises finance for overseas companies and has been extensively involved with privatisations in the UK and abroad.

A substantial commitment to investment research is a central component of the firm's activities. Members of the research team keep in close contact with a wide range of companies and provide sector expertise as part of the broking business. They offer investment advice to fund managers in the UK and around the world, and play a key role in the process of winning and executing mandates to issue new equity capital.

These openings, which have been created by the continuing development of the firm, might suit those already in City-based occupations or in industry, commerce or the professions. Applicants, who must be self-motivated with strong analytical and communication skills, should contact:

Jock Coats at Career Plan Ltd., 33 John's Mews, London WC1N 2NS. Tel: 0171 242 5775. Fax: 0171 831 7623.



### SWITZERLAND

#### THE BANK FOR INTERNATIONAL SETTLEMENTS

an international institution located in Basle  
with approximately 460 members of staff from 24 countries  
invites applications for the following vacancies in its Banking Department

PORTFOLIO MANAGER  
(REF. 96277)

The successful candidate, who will have a university degree (ideally in finance or mathematics) and at least two years experience in managing fixed income instruments, will join a team responsible for portfolios invested in the world government bond markets. Essential prerequisites are computer literacy and a good knowledge of financial mathematics and fixed income derivatives.

FIXED INCOME ANALYST  
(REF. 96279)

The successful candidate will have a quantitative oriented university degree with exposure to economic and financial theory. He/she will join a research team to analyse fixed income markets developing portfolio management tools and market models. Essential prerequisites are knowledge of statistics, mathematics, numerical methods and a good command of various IT environments (UNIX, windows).

In addition to a very good command of both written and spoken English (preferably mother tongue), a working knowledge of German and/or French would be an advantage.

The Bank offers attractive conditions of employment in an international atmosphere and excellent welfare benefits.

Candidates should send their application, together with a recent photograph and references, to the Personnel Section, Bank for International Settlements, 4002 Basle, Switzerland, quoting the relevant reference number.

### Project Director - Transportation

Far East

Salary Indicator £100,000 & Accommodation & Benefits

This is a superb opportunity to fully manage a landmark civil engineering/development project with an initial construction value of US\$150m. The project comprises a high capacity bridge; tunnels and adjoining infrastructure works.

The person sought will be in overall charge of construction activities and will lead development appraisals and negotiations, managing in-house and external design teams, consultants and financiers. Previous in-depth experience of project financing is desirable. Far Eastern based experience is a distinct advantage.

Candidates should have a degree in either an engineering or business discipline (ideally both) and a career history of involvement in major projects in senior positions.

The company is presently engaged in a wide range of construction and development activities worldwide in the civil engineering, oil/gas and power generation markets. This project broadens the scope of operations into transportation with the objective of creating a new strategic business unit. This is a long term career opportunity with a successful entrepreneurial company.

Interested candidates should submit their CV's in the first instance to Chris Cheetham (advising the client), quoting reference FT/1004/CC at:

PRS Limited, Culpin House, 74-78 Town Centre, Hatfield, Herts, AL10 0JW.  
Fax: 01707 256881

PRSR - Professional Recruitment Consultants

### MANAGING DIRECTOR

Speciality Footwear Retailer - New Zealand

For over 125 years, R Hannah & Co Ltd has led footwear retailing in New Zealand. The company is privately owned, has close to 130 stores nationwide, covering several market/brand segments and is at the forefront of new thinking in retailing. Hannah's and its associate brands are prominent in all major shopping centres and the Company is quickly developing new theme store concepts, as well as the prudent location of stores in new Outlet and Power centres.

The Managing Director will be responsible to the Hannah's Board for the continued profitable development of the company. The foundation is very solid with significant revenues, market leadership and a reputation for efficient manufacturing and importing, intelligent marketing and quality customer service.

Candidates will need to have speciality

or similar retail experience at a senior management level. They will need to provide evidence of success in adding value for shareholders, leading and developing staff and exceeding customer expectations. A sound background in retail selling, marketing and merchandising is essential as is an understanding of fiscal responsibilities and Board relationships. Experience in apparel retailing would be very helpful.

The remuneration package is at a high level and includes discretionary income based on company performance. Relocation expenses to Wellington, New Zealand's capital city, will be met.

Applications will be treated in strict confidence. Please send relevant personal and career history information to Norman Godden, Deputy Chairman, Sheffield Consulting Group Ltd, at our Auckland address below, quoting Reference 15991.

Telephone 64-9-377 3119  
Facsimile 64-9-307 2322  
PO Box 5621, Auckland, New Zealand  
E Mail: Applications@scg.co.nz



### UK Subsidiary Managing Director London Based

Worldwide company with a strong leadership in manufacturing and commercialising of sophisticated engraving machines is seeking after a managing Director in order to further develop its UK market share.

The ideal applicant, aged 35-45, will be educated to degree level with minimum 10 year experience in industrial equipments in "Business to Business". He should have already managed business units and acquired a successful experience of commercial development. He should also be capable of implementing a strategic direction of the business and exploiting all UK market opportunities.

Strong interpersonal and communication skills are essential as the position requires extensive interfacing with clients and employees.

Please reply with full details to Geraldine MICHAU, ref. GM 965.



## ANALYSTS

Highly successful, US Management Consultancy specialising in financial services needs to recruit a small number of high-calibre individuals into its Hertfordshire-based team.

We know what creates success in these roles: our clients need people who understand their business and their needs, and seek to enhance the relationship continuously; people who thrive on front-line exposure; and whole confidently balance competing demands. Systems literacy is a prerequisite, along with strong technical analysis and an absolute attention to detail.

In order to be considered you will have an MBA, be highly numerate, and able to articulate your observations and conclusions articulately in written reports or directly to the client. You'll need to demonstrate extensive and creative application of your systems expertise. But beyond all this, success rests on your ability to apply acute intelligence to practical issues; to maintain your integrity, dependability and composure as a dedicated team player while working in a high-pressure environment.

Rigorous professional standards and a demanding workload are compensated by a very competitive salary, attractive benefits and the potential for a substantial performance-related bonus. Most of all, this is an opportunity to develop high-level technical expertise, for learning and using skills, which make you visible and valuable to clients in a dynamic, global market.

READY FOR THE CHALLENGE?

Send your CV and application letter to Box A5267, Financial Times,  
One Southwark Bridge, London SE1 9HL

### DFC INTERNATIONAL CONSULTING OPPORTUNITIES

DFC is a private consultancy firm with offices of London, Barcelona and Paris, providing advisory services worldwide, with a focus on Eastern Europe, the CIS and the Southern and Eastern Mediterranean region. Our assignments are frequently funded by the World Bank, the European Commission, the European Bank for Reconstruction and Development and other international agencies.

We now aim to extend our register of experienced consultants for new assignments principally in the banking and financial sectors in the Mediterranean region. Excellent presentation and report writing in English are required and fluency in a second language with a knowledge of Arabic is desirable. Previous working experience in the Middle East or North Africa especially in the areas of bank restructuring, bank regulation and supervision, development finance, small and medium size enterprise development, project finance, and privatisation is being sought.

Candidates with appropriate experience are invited to send a detailed Curriculum Vitae, indicating preference for short or longer assignments, to: DFC Ltd, Grosvenor House, 141/143 Drury Lane, London WC2B 5TB, Tel: (44) 171 836 3424, Fax: (44) 171 379 4931

### ACCOUNTANCY APPOINTMENTS

## EUROPEAN AUDITOR

Exciting Pan-European Opportunity for German Speaker

With operations in 40 countries spanning Europe, America and Asia this manufacturing group has established market leadership in its core business areas. They are pioneers in their field. The development of leading edge technologies combined with focused, innovative business practices has contributed to dramatic organic and acquisitive growth.

LONDON

Competitive  
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Benefits

Based near London, the European audit team is young, multi-cultural and commercial. As a key member of this team and working closely with all levels of management, you will review operational and financial aspects of the activities in Europe with a clear focus on Germany, Austria and Switzerland. Trouble-shooting, systems development and special project work such as analysing business and technical accounting issues will be important aspects of this role. The successful candidate will therefore be:

- A qualified accountant or equivalent with at least 3 years auditing experience.
- Fluent in English and German.
- Relishing the prospect of a multi-cultural role with approximately 40% international travel.

This represents a unique opportunity to positively impact upon the efficiency and profitability of the European business, using a consultative approach which will add value. Career prospects are excellent both in Europe and group-wide.

Interested applicants should telephone Robert Macmillan on 0171 404 5501. Alternatively please write in confidence, stating current remuneration, quoting reference number 2188 to Nicholson International (Search and Selection Consultants), Bracon House, 34-36 High Holborn, London WC1V 6AS, or fax your details on 0171 404 8128.



Australia Belgium China Czech Republic France Germany Holland Hungary India Israel Italy Poland Romania Russia Spain Turkey

## Bursar Rugby School

Warwickshire

Leading independent boarding and day school, with 500 boys and 210 girls, where the enjoyment of teaching and learning speaks as loudly as the fine academic results.

#### THE POST

- Accountable for the non-teaching administration and financial control of the school. Responsible to the Headmaster and with direct access to the Chairman of the Governing Body.
- Aided by an Assistant Bursar (to be appointed in the Autumn), Estates Bursar, Accountant, Office Manager, a number of support staff and secretariat. Member of the School's Management Committee.
- The appointment is for 1 August 1996.

#### QUALIFICATIONS

- Able and intelligent manager with a degree, or equivalent professional qualification.
- Experience of financial management desirable.
- Excellent communication skills, ability to monitor and control the business performance of the school. Interest and involvement in school life.
- The successful candidate must be prepared to live close to the school.

Please send full cv, stating salary, ref ED60103FT, to NBS, 54 Jermyn Street, London SW1Y 6LX

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## Finance Director Management Consultancy

To £50,000 + Package including Share Options Central London

Ambitious finance professional required to play key business role in expanding consultancy.

### THE COMPANY

- ◆ £15m turnover privately owned company, established nearly 20 years ago. Clear strategy, poised for next stage of growth.
- ◆ High quality, professional firm. Recognised market leader in its field. Committed to maintaining standards of excellence.
- ◆ Young, energetic management team. Open and supportive culture.

### THE POSITION

- ◆ Help plan and deliver significant growth. Play major role in corporate planning, strategy and budgeting.
- ◆ Manage finance and administration. Ensure compliance with all legal and company secretarial requirements.

- ◆ Contribute to smooth running of company. Member of management team. Report to Managing Director.

### QUALIFICATIONS

- ◆ Graduate accountant, preferably from innovative service organisation with experience of a people product. Minimum 2 years in FC/FD role including line management experience.
- ◆ Sound financial control and business analysis skills. Experience of corporate finance, M&A, tax planning useful. Computer literacy essential.
- ◆ Energetic and ambitious. Dynamic professional with advanced communication skills and demonstrable talent. Effective team player.

Please send full cv, stating salary, ref CP3828, to NBS, 10 Arthur Street, London EC4R 9AY



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## Financial Controller

Matthew Gloag & Son Limited

Superb Package Incl. Bonus + Relocation Central Scotland

First-class career opportunity in an internationally-recognised, leading Scotch Whisky company, renowned for The Famous Grouse Finest Scotch Whisky.

### THE COMPANY

- ◆ Extensive portfolio of international whisky brands. Vigorous and profitable with a reputation for product quality, marketing and sales skills.
- ◆ Globally expanding business backed by forward-thinking management team.
- ◆ Part of The Highland Distilleries Company plc, with a turnover of £180 million.

### THE POSITION

- ◆ Report to Finance Director and be responsible for finance function.
- ◆ Drive and develop accounts team. Move management information forward to more strategic and commercial platform.

- ◆ Challenge status quo, constantly seek opportunities to drive profit and add value across major brands.

### QUALIFICATIONS

- ◆ CA or equivalent, graduate, aged late 20s/early 30s, already making an impact at senior level, ideally in FMCG blue-chip company.
- ◆ Outstanding management abilities, team player with impressive communication and presentation skills.
- ◆ Background of success in developing and improving the contribution of the finance team to the commercial success of the Company. Strong-willed and resilient.

Please send full cv, stating salary, ref IGP3163, to NBS, 78 St Vincent Street, Glasgow G2 5UB



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## financial controller

U.S. food manufacturer

krasnodar, southern russia

excellent salary

training in geneva / U.K.

An opportunity for an ambitious, energetic Accountant to join the Krasnodar food manufacturing subsidiary of a U.S. Multinational. Responsibilities cover trading & processing activities.

Reporting to the General Manager and deputising for him in his absence, key responsibilities will include:-

- U.S. GAAP reporting, planning and budgeting.
- implementation and development of financial systems.
- capex control, budget monitoring and project management.
- strategic issues, new venture plans and advice to Management.

These operations are a part of a wider investment programme in Central Asia and Eastern Europe. The company has a strong commitment to ethical standards and development of its people. Your opportunities to progress are excellent. You'll get responsibility, decision-making authority and involvement in the business beyond the level you could expect in Western Europe.

The company is a long-term investor and a patient employer, known for providing full support to its employees so they can concentrate on doing their job. Your next promotion could be anywhere within the worldwide organisation. Ref: 04523.

We have other opportunities in Russia, Poland, Bulgaria, Romania and Central Asia for ambitious finance professionals. Please telephone us for details.

## TECHNIP

TECHNIP is a major international French engineering group with revenues of over US\$ 1.5 billion, some 3,500 staff throughout the world and 2000 plants in 85 countries. The company is looking to recruit for its Head Office in PARIS a young, high-potential

### Senior Project Accountant

**THE POSITION:** You will be responsible for the accounting, fiscal and administrative control of a variety of major overseas engineering projects, some of them above one billion French Francs. The function involves operational contacts with numerous different departments (engineering, treasury, purchasing, IT, tax etc.) and the management of a team of seven accountants. He will report to the head of Project Accounting, Tax and Administration Department. A certain amount of travel worldwide will be necessary.

**THE CANDIDATE:** A University graduate and recently qualified accountant (ACA, CIMA...), you have acquired some three to five years experience within a major multi firm or the accounting function of an international group. Experience of project accounting and a good knowledge of French will be an advantage. Priority will be given to internationally-minded candidates who are mobile geographically for a subsequent career move.

Interested candidates should write to Thierry MACEUX quoting reference 2985/TMF at NORMAN PARSONS, 5 rue Paul Baudry, 75008 Paris FRANCE, or by fax on (33) 1 42 89 09 85.

Norman Parsons  
GROUPE ROBERT HALP

FARN WILLIAMS CONSULTANTS & EXECUTIVE SEARCH Diamond House, 37-38 Hatton Garden, London EC1N 8FW Tel (44) 171 404 4089 Fax (44) 171 404 4083

BANK  
GESELLSCHAFT  
BERLIN

Bankgesellschaft Berlin was formed at the beginning of 1994 to play a central role in reshaping Berlin's infrastructure, and to underpin the dramatic investment programme now underway in Berlin and Brandenburg. In a unique blending of state and private interests, it links three entities, namely Berliner Bank, Landesbank Berlin and Berliner Hypotheken- und Pfandbriefbank.

With assets of DM270 billion and in excess of 16,000 employees, Bankgesellschaft Berlin is the capital's leading bank and one of the top ten banks in Germany. In London, through its antecedents, the bank has been active in capital and treasury markets for a number of years. Following a move to new premises last year, the bank is now expanding its investment banking operations in the UK. As part of its ambitious development plans, the bank has identified a need for two highly motivated and innovative accounting professionals to strengthen its finance group. Both are new positions where your interpersonal skills and initiative will be put to the test.

### Manager, Group Reporting

Reporting to the Head of Group Finance, your responsibilities will be to:

- ▲ Establish/enhance budgetary control, management reporting and commercial support.
- ▲ Develop and manage staff to maximise productivity.
- ▲ Review and enhance information and accounting systems.

You will have:

- ▲ ACA/ACMA qualification.
- ▲ Experience of management accounting within the financial services sector.
- ▲ Proven team management skills.
- ▲ A thorough knowledge of capital markets instruments.
- ▲ An ambition to progress beyond the immediate role.

Interested candidates should write quoting reference number Z7813 and enclose a curriculum vitae with current salary details to: Jon Anderson ACMA, Martin Ward Anderson, 20 Shorts Gardens, Covent Garden, London WC2H 9AU.

### Manager, Regulatory Reporting

Reporting to the Head of Group Finance, your responsibilities will be to manage and develop the regulatory function to satisfy both German and UK regulatory requirements. This will involve:

- ▲ Interpretation of regulatory rules.
- ▲ Assessment of systems requirements.
- ▲ Management of information from the Group's regulated entities.
- ▲ Responsibility for compliance with all regulatory reporting requirements.

You will have:

- ▲ ACA qualification or equivalent.
- ▲ In-depth knowledge of German regulatory requirements including the Capital Adequacy Directive.
- ▲ Proven experience within a progressive Capital Markets environment.
- ▲ Good working knowledge of German (oral and written).
- ▲ Ability to participate in systems developments in response to regulatory changes.
- ▲ Effective communication skills.

## Value for Money Studies Expert

required for a position as  
**DIRECTOR OF AUDIT**

in the  
Office of the  
Comptroller and Auditor General

This is a senior level position and the person appointed will be responsible for the strategy, direction and management of the Value for Money Audit Division in the Office of the Comptroller and Auditor General.

The key responsibility of the position will be to advise on and implement, on an ongoing basis, a value for money audit strategy which will identify relevant issues and deliver high quality reports in an economic and efficient manner. The person appointed will, in addition, be a member of the Management Committee of the Office.

The position is likely to be of interest to persons with management or consultancy experience at a senior level in either the private or public sector.

### APPLICANTS MUST:

- possess a proven record in business analysis and/or performance evaluation;
- have a capacity to operate effectively at a senior level in an organisation;
- have a detailed understanding of current management and operating practices in the wider business environment and an appreciation of the Public Sector.

The appointment will be on a five year contract basis and it is expected that the appointee will take up duty in early March, 1996.

Salary: £51,143

Closing Date: 15 February, 1996

Cuir fear fáilte roimh chomhfhreagras i nGaeilge.

## Civil Service Commission

For application forms and details, please write to:  
The Secretary, Civil Service Commission, 1 Lower Grand Canal Street,  
Dublin 2. Telephone Number: (01) 6915611.  
The Commissioners are committed to a policy of equal opportunity.

## APPOINTMENTS ADVERTISING

Appears in the UK edition every Wednesday & Thursday and in the International edition every Friday. For information on advertising in this section please call:

Toby Finden-Crofts on +44 0171 873 3456  
Robert Hunt on +44 0171 87 4095

## Senior Finance Professional

to £70,000  
package

age 30-35

London

Our client is the UK subsidiary of a major US energy company with worldwide revenues in excess of \$7 billion. In recent years their successes have been enviable, with a reputation for excellence in the oil and gas industry. Further growth will result from developing new energy markets in the UK, as well as innovative exploration outside of their established producing countries.

They are now seeking to appoint a "high achiever". Reporting to the Director of Business Planning, your initial brief will be to manage the Audit function. This function's resources are strongly focused on the key issues of Risk Management, Internal Consultancy and Operational Review. To be successful in this role you must be able to demonstrate your ability to influence, and therefore have significant input into, high level corporate decision making. In the medium term, it is expected you will progress into a senior mainstream finance role either in the UK or Overseas.

You will possess an outstanding record of achievement to date, having both qualified as an accountant and excelled academically. Your current role will either be within a "Big 6" firm or Commerce/Industry. Whilst energy sector experience is desirable, it is not essential. The salary package on offer is intended to attract the highest calibre of candidates.

Interested candidates should send their Curriculum Vitae (including details of current remuneration), quoting reference no. 27913, to Richard Wright, Partner, Martin Ward Anderson, 20 Shorts Gardens, Covent Garden, London WC2H 9AU. Alternatively, telephone him on 0171 240 2233.

MWA  
MARTIN WARD  
ANDERSON

سكزا من الاصل

# RJR

## AUDIT PROFESSIONALS

### AMSTERDAM - THE NETHERLANDS

R.J. Reynolds International (RJRI), part of RJR/Nabisco, is one of the world's Big Three cigarette manufacturers and one of the fastest growing international tobacco companies with over 70 different cigarette brands, including best-sellers Camel, Winston and Salem in over 160 markets worldwide. Net sales are in excess of 3.1 billion USD and the employment level worldwide totals 16,500.

R.J. Reynolds International has recently concentrated its worldwide operations in Geneva, Switzerland. As a result of this a new Global Audit team will be created and is to be based in Amsterdam. Our client has an immediate need for top notch Audit professionals. The positions offer a high degree of responsibility and exposure to executive management. Career development opportunities are excellent for high calibre candidates.

We would like to hear from business-oriented Audit professionals who can demonstrate substantial experience in the following areas:

#### INTERNAL AUDIT MANAGER

- Financial and operational project based assignments
- Working with senior financial and operational management to improve control procedures
- Ad hoc special projects as determined by executive management
- Management of an audit team

To have gained at least 8 years audit experience from one of the Big Six and/or International companies. To be a qualified Accountant (CPA/ACA/RA) with US GAAP knowledge. Self-sufficient with Microsoft Word and Excel. 50-75% travel.

#### SENIOR AUDITOR

- Financial and operational project based assignments
- Working with senior financial and operational management to improve control procedures
- Ad hoc special projects as determined by executive management

To have gained 3-6 years audit experience from one of the Big Six and/or International companies. To be a qualified Accountant (CPA/ACA/RA). Proficient with Microsoft Word and Excel. 50-75% travel.

#### INTERNAL EDP AUDIT MANAGER

- Continuous control and optimization of procedures and information systems
- Business process improvement
- Operational project based assignments and special projects
- Management of an audit team

To have gained at least 8 years of Information Technology experience including IT auditing. To be a Certified Information System Auditor, or equivalent. Familiarity with IBM AS400 and Windows NT operating systems and JD Edwards. Self-sufficient with Microsoft Word and Excel. 50-75% travel.

#### SENIOR EDP AUDITOR

- Continuous control and optimization of procedures and information systems
- Business process improvement
- Operational project based assignments and special projects

To have gained 3-6 years of Information Technology audit experience from one of the Big Six and/or an International company. To be a Certified Information System Auditor or equivalent. Experience with IBM AS400 and Windows NT platforms, JD Edwards. Proficient with Microsoft Word and Excel. 50-75% travel.

The ideal candidates should have an excellent working knowledge of English. In addition, knowledge of other European languages would be desirable. Exposure to the Eastern European region is a bonus. Excellent oral and written communication skills are essential.

To express your interest in these opportunities, please post or fax your updated curriculum vitae to: Elisabeth M.M. Huigen, Robert Walters Associates, 'Rivierstaete', Amsteldijk 166, 1079 LH Amsterdam, the Netherlands. Fax: 00-31-20-642 9005. Tel: 00-31-20-644 4655. All curricula vitae sent to RJRI will be forwarded to Robert Walters Associates.

ROBERT WALTERS ASSOCIATES



L O N D O N W I N D I S O R E N E W Y O R K A M S T E R D A M B R U S S E L S Y D N E Y

## Finance Manager

### UK Quoted Plc

c.£40,000 + Car & Benefits

Southampton

Newly-created role to champion improvements in management information for major division enjoying significant change and growth by acquisition.

#### THE COMPANY

- £400 million division of £1bn+ turnover, respected British plc. Multisite businesses across UK, Europe and USA.
- Leading importer and distributor. Profitable, with strong market positioning.
- Senior management team committed to driving change through business.

#### THE POSITION

- High-profile role. Broad remit to upgrade management information and provide incisive analysis of business performance and product profitability.

- Drive development in systems and procedures to facilitate recent acquisition and divisional restructuring.
- Lead and motivate centralised team of five. Excellent prospects for further progression.

#### QUALIFICATIONS

- Graduate ACA with Big Six background. Alternatively, ambitious ACMA. Commercial experience and fine management responsibilities preferred.
- First-rate analytical, report-writing and presentation skills. IT literate. Exposure to investigations beneficial.
- Confident communicator. Able to prioritise. Flexible and willing to travel.

Please send full cv, stating salary, ref SL40102, to NBS, 7 Shaftesbury Court, Chiswick Park, Slough SL1 2ER

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## Corporate Finance

HIGHEST CALIBRE ACAS/MBAS

c.£30,000 - £45,000 + CAR + PROFIT SHARE

Leading consumer goods companies with a turnover in excess of £1 billion. Extensive portfolio of brands marketed, distributed and sold in over 100 countries.

In the development of our Group Corporate Finance team, we seek two exceptional young finance professionals to date will help determine the best fit in terms of the role.

Head of Corporate Finance, you will be engaged in a wide range of corporate finance related activities at a Group level. This includes the provision of specialist advice and technical support on all aspects of corporate finance, including the preparation of financial statements and presentation documentation as well as submission to the Board for approval.

and liaise extensively with internal specialists and external advisers to demonstrate strong interpersonal skills with the ability to work in a functional, operational and international environment.

qualified accountant and/or MBA with previous experience in either within the City management or in the profession. Ideally you will have operated in an international environment. You will have highly developed analytical and problem-solving skills.

join the senior finance team of a major international consumer goods company. You will be responsible for the successful and progressive organisation of the team. You will be responsible for the successful and progressive organisation of the team. You will be responsible for the successful and progressive organisation of the team.

GUINNESS PLC

c. £75,000 + excellent bonus, benefits, options

Northern Home Counties

## European Finance Director

A revitalised European management team seeks an outstanding finance professional to play a pivotal role in challenging accepted practice and developing strategy to transform a \$300m pan-European profitable but traditional business into one that is market driven, acquisitive and delivering superior value. Autonomously run subsidiary of US quoted \$1 billion group with market-leading branded products manufactured and sold primarily to businesses through diverse distribution channels. Broad pan-European role with real scope to influence future direction.

#### THE ROLE

- Responsible to the European MD for the finance functions across all the European manufacturing sites and sales subsidiaries.
- Particular focus on upgrading financial reporting and analysis to improve decision making on cost reduction and customer and product profitability. Involvement in specifying and implementing IT systems.
- Key role in strategy formulation, particularly diversification and identifying and pursuing acquisition targets. Developing a profile with the City and investment community.

#### THE QUALIFICATIONS

- Mid 30s+ graduate accountant with excellent career progression to director level in an international or pan-European manufacturing and sales organisation. IT literate. Fluency in a European language an advantage.
- Will have played a significant role as part of a team in managing change across a multi-site organisation. Familiar with the M&A process and dealing with the City. Will provide strong leadership, training and development in the finance function.
- Hands-on operator as well as strategic. Analytical and perceptive with the interpersonal skills to challenge and influence and facilitate profitable growth.

Leeds 0113 2307774  
London 0171 493 1238  
Manchester 0161 499 1700

Selector Europe  
Spencer Stuart

Please reply with full details to  
Selector Europe, 16 Courtyard Place,  
London WC2E 2ED

## International Oil Pollution Compensation Fund

### FINANCE OFFICER

The International Oil Pollution Compensation Fund (IOPC Fund) invites applications for the post of Finance Officer, due to the forthcoming retirement of the present incumbent from whom the successful applicant will take over, after a satisfactory transition period.

The Finance Officer has the general responsibility for, and is personally involved in, all aspects of the Organisation's accounts, budget and treasury operations. This embraces the administration of the financial services including payroll operations, maintenance of the financial records and implementation of all internal control procedures, as well as preparation of financial statements and budget estimates. The Finance Officer also manages the funds of the Organisation, monitors the Organisation's portfolio of investments, purchases and sells currencies and arranges banking services. In addition, the Finance Officer administers the collection of contributions, mainly from the oil industry, which finance the operations of the Organisation.

Applicants should have an advanced university degree in Business Administration, Economics, Finance, Banking, Accounting or Auditing and have obtained an appropriate professional qualification. Candidates should also have a minimum of 10 years relevant professional experience. Experience of work in an international environment would be an advantage. Knowledge of financial computer systems is essential. Excellent English is required, as well as a working knowledge of French.

Salary is paid in accordance with the United Nations salary scale (Grade P4/P5), with a commencing salary of approximately £41,000 net of United Kingdom income tax. There are various attractive benefits, including six weeks annual leave.

The IOPC Fund, which has close links with the International Maritime Organisation of the United Nations, is an intergovernmental organisation, set up to pay compensation to victims of pollution damage caused by oil spills from ships. At present, it has 67 Member States. The Secretariat, which is based in London, has 14 staff members.

Please reply in writing with CV by 1 March 1996 to:

The Director,  
International Oil Pollution Compensation Fund,  
4 Albert Embankment, London SE1 7SR

**Price Waterhouse**  
EXECUTIVE SEARCH & SELECTION

## Head of Group Audit

FTSE 100 plc  
c.£100K package London

**About Us**  
Success is a word frequently attributed to us. With a strong international presence, we operate in over 100 countries worldwide, producing, distributing and marketing leading brands associated with FMCG. We employ only the best and acknowledge that it is largely down to the calibre of our people that has enabled us to reach our position of dominance within our chosen markets. Our style is open, direct and hard-working.

**The Role**  
Group Audit is an important function within the Group. Our belief is that this should be a high level review which can best be achieved through a talented and effective small HQ team. Naturally, effectiveness of internal controls will be high on the agenda. But, equally, you and your team will be involved in acquisitions, security and information systems. The latter will be particularly important as we invest heavily in re-engineering our business processes over the next few years. You will liaise frequently with our Audit Committee and top level management throughout our organisation and we view this role as an excellent opportunity for progression to other line management roles in due course.

As with any major, successful organisation, there will be occasional frustrations and impossible timetables to meet. Working for us is no easy option, but can be enormously rewarding. However, if you are looking for an easy

option at this point in your career, please don't bother us - it will be an unhappy alliance.

**About You**  
You will probably be a qualified accountant, but equally you could have reached a senior audit role through the IS route. You will have several years' experience at senior managerial level and will probably be in your mid to late 30's. You will have exceptional analytical qualities, combined with broader vision and highly developed communication skills. You will certainly be computer literate and have audited sophisticated systems applications. Operational experience will be useful and you must have credibility, presence and diplomatic skills. You will also have the necessary level of emotional resilience to be effective at this level. Finally, you must have the potential to move beyond this role in due course.

**Next Step**  
Interested? Then send your details, quoting reference J/1618, to our advising consultant Judith Richardson. Alternatively, if you would like a discreet conversation first, please call either Judith on 0171 939 5145 or Alannah Hunt on 0171 939 5968.

Executive Search & Selection,  
Price Waterhouse,  
No 1 London Bridge, London SE1 9QL.  
Fax: 0171 403 5265  
Internet: Alannah\_Hunt@Europe.notes.pw.com

## Change the way we do business

### Central London

For some time now, the Metropolitan Police Service has been going through unprecedented change at strategic and operational level. This is how it is going to continue, as re-organisation of our business structures and procedures becomes part of our culture. The highest standards of audit and management accounting are key to our success, and we need the following professionals to join us.

### Audit Managers and Senior Auditors

You will need to ensure that effective systems of control exist to enable us to achieve our primary goals of efficiency, value for money, quality and accountability. These are demanding roles for which you will need to be a strong, self-motivated leader with a proven record of achievement. You will also need excellent interpersonal skills and extensive practical experience of systems-based auditing.

At Audit Manager level, you will need 3 years' experience in senior audit management, and at Senior Auditor level you will need 3 years' sound experience of modern audit practices. You must also have a recognised professional qualification. Reference: AMSA1.

### Management Accountants

The Personnel and Finance departments have a number of opportunities involving various levels of team management and autonomy. You will be providing accounting advice to senior management and other members of the department. All positions will give you the opportunity to examine current accounting procedures and develop new systems.

Qualified or nearly qualified, you will recognise the need for change and be able to communicate financial concepts to non-specialists. A good knowledge of public sector financial management would be an advantage for some of the positions. Reference: MA1.

For further details and an application form, please telephone Denise Muskett on 0171 230 3500 (24 hour Answerphone), quoting the appropriate reference number. Alternatively, write to her at Metropolitan Police Service, 105 Regency Street, London SW1P 4AN. The closing date for completed applications is Friday 23rd February 1996.

The Metropolitan Police Service is committed to a policy of equal opportunity for all staff regardless of sex, marital status, colour, race, nationality, ethnic or national origin, sexual orientation, religion or disability.

**METROPOLITAN  
POLICE**

You should be a British or Commonwealth citizen, or a National of any state within the European Economic Area and should normally have lived in the UK or EEA for the past three years.

## MANAGEMENT ACCOUNTANT

Competitive  
Local Salary  
and Benefits

This innovative PLC, a £2Bn business, is a pioneer in a number of chemical related businesses, it has a name synonymous with quality and state of the art technology.

An opportunity has become available following the recent acquisition of a market leader in Germany. Reporting to the Commercial Director, this high profile role will assume responsibility for all management reporting and forecasting. Working with senior management you will gain exposure to all aspects of the business, defining and producing qualitative management information. Additionally you will assist in the implementation of the internal computer system across the business.

To perform this pivotal role you will ideally be aged between 25-30 years, possessing a recognised accountancy qualification with a minimum of 2 years industry experience.

Individuals should be proven communicators, be confident dealing with non financial personnel and able to work in a multi task environment. Fluency in English and German is essential.

Interested candidates should contact Jane Storie, in strictest confidence at FSS Europe, Charlotte House, 14 Windmill Street, London W1P 2DZ. Tel: (44) 171 209 1000 or Fax: (44) 171 813 9479. Ref: FT 0031.

Closing date for applications: 12 February 1996.

NUREMBERG



## European VAT Specialist & Corporate Income Tax Specialist

Hewlett-Packard is one of the world's leading companies in the global information technology and electronic instruments market with revenue of US\$31.5 billion in our 1995 financial year. As a Fortune 50 company, consistently recognised for our success, innovation, employee satisfaction, and unprecedented growth, we are looking for two proactive tax professionals to join our growing European Tax Department. Both positions offer substantial remuneration and benefit packages.

### Corporate Income Tax Specialist

We are seeking a top-flight international tax expert with both European and US corporate income tax training and experience, to be based in our European Headquarters in Geneva. Your portfolio will include managing the implementation of cross-border tax and business initiatives, and acting as the tax partner to our European business units and headquarters functions. Other critical responsibilities will include transfer pricing, permanent establishment and Subpart F and PFC planning.

The position demands significant (up to 8 years) international tax

experience, including familiarity with US international tax rules. This will probably have been gained in a multinational organisation operating in Europe or a major international firm of tax advisors. You must be able to interact well at all levels and build consensus across different functions and cultures. A second European language in addition to English is desirable, and you must have an appropriate qualification (legal or accounting based). Ref: 6891

### European VAT Specialist

For Hewlett-Packard, VAT planning means contributing to our success and that of our customers. You will be supporting our business units in the development of their activities in the EU and Eastern Europe to ensure we can deliver a broad range of goods and services on a pan-European and cross-border basis without VAT constraints. Working in a multiple VAT registered environment, key parts of this support include the identification of opportunities for planning, standardisation and automation of VAT processes across Europe, supporting our geographic VAT team, lobbying, technical training and research.

Working for the European VAT Manager, you will be a business focused VAT high-flyer with 5 years European VAT experience gained in a professional firm or multinational organisation. An appropriate qualification is desirable, fluent English and good communication skills are vital. Reflecting the European nature of this role, it could be based in Geneva, Bracknell or one of our main European sites. In any case, extensive travel will be required. Ref: 6892

Hewlett-Packard has retained Beament Leslie Thomas Recruitment Consultancy Ltd for both positions. Please send your CV, including current package and quoting our reference number to: Mike Beament or Caroline Thomas at BLT Recruitment Consultancy Ltd, Quality House, 5-9 Quality Court, Chiswick Lane, London W20A 1ER. Tel: +44(0)171 405-3404 Fax: +44(0)171 405-3310. CV's sent directly to Hewlett-Packard will be forwarded to BLT.

Hewlett-Packard values the contributions of a diverse workforce. Qualified men and women from all races, religions and levels of physical ability are encouraged to apply.

**HP HEWLETT PACKARD**



## Leading UK Financial Group

## MANAGER, IT AUDIT

Central London

£50,000  
+ car + benefits

Our client is one of the world's largest and strongest financial services groups. It is the long standing market leader in the UK and has substantial and rapidly growing businesses in the US and the Far East.

A promotion has created this vacancy in the group's high profile internal audit team, which undertakes a wide range of significant business, project and IS related reviews in all of the group's operations.

The Manager, IT Audit will plan and execute a range of IT reviews in a commercial context. Such challenging assignments will include risk and control assessments and project management reviews, providing exposure to all UK and overseas business divisions.

Applicants should have a minimum of 5 years computer audit experience and be familiar with emerging technologies such as client server and open systems, as well as local and wide area networks. Knowledge of the financial and/or banking industries and project management or project management appraisal would also be beneficial.

Please write, enclosing a career/salary history and daytime telephone number, to David Tod BSc FCA quoting reference D1661F.

LOYD MANAGEMENT Selection Consultants 125 High Holborn, London WC1V 9QA, 0171 485 7499

## VP Finance

Frankfurt  
Germany

- Expanding Europe, Middle East and Africa division of worldwide group operating in a high profile service sector seeks an outstanding individual to strengthen its established regional management. Reporting to an industry-experienced Chief Executive, the role encompasses financial and commercial input to operations and business development for the group's key international region.
- Significant expansion opportunities of the current business base exist, involving acquisitions, new projects, joint ventures and other innovative financing and operating structures. These aspects and an overseeing role in respect of the normal accounting, reporting and administrative functions form the base of this challenging appointment.
- The successful candidate is likely to be a graduate/MBA, professionally qualified with major firm training, with relevant post-qualification international commercial exposure. The individual selected will need to be able to demonstrate high levels of technical competency, numeracy, literacy and communication skills. Fluency in English and German, and preferably French.
- The remuneration package will reflect the importance of this appointment, and will include a performance related element.

Interested and suitably qualified applicants should contact, in strict confidence, the group's specialist advisors immediately with full details in English of career history, current earnings and any other related information by email or fax.

FM RECRUITMENT, Greenoak House, Francis Street, London SW1P 1DH, UK  
Fax: +44 171 828 3355

FM

The International Financial Management Specialists

## GROUP FINANCIAL CONTROLLER

An excellent opportunity has arisen for someone to develop this newly created role. The Group concerned is of medium size, situated in the City, with offices overseas, and is principally involved in providing services to a number of mutual insurance companies.

The ideal candidate will be a Chartered Accountant with approximately two years' post-qualification experience and should possess good presentation and communication skills.

Please apply, enclosing a copy of your CV, to:  
Hannah Schulze, Personnel Director, Charles Taylor & Company Limited,  
International House, 1 St Katharine's Way, London E1 9UN.

## Financial Controller

To £40,000 + Bonus + Benefits

London

Newly-created, high-profile role at international Group centre for ambitious, commercially-astute accountant.

### THE COMPANY

- Successful, acquisitive and profitable plc. Turnover £200m.
- Strong growth and excellent performance in niche market.
- Small, dynamic senior management team with exciting plans for further expansion.

### THE POSITION

- Full responsibility for Group-wide management and statutory reporting. Focus on providing added value analysis and commentary within small head office team. High level of exposure across Group.
- Involvement in all Group tax, treasury and financing issues.

- Significant commercial remit, covering acquisitions and systems integration.
- QUALIFICATIONS
- Graduate ACA, preferably "Big Six", with at least 2 years' PQE gained in industry, ideally manufacturing.
- Strong analytical and accounting skills, augmented by good level of tax and treasury knowledge. Highly IT literate, including spreadsheet modelling skills.
- Sound commercial appreciation combined with hands-on approach. Energetic, ambitious and flexible with ability to liaise effectively at all levels.

Please send full cv, stating salary, ref SL60101, to NBS, 7 Shaftesbury Court, Chiswick Park, Slough SL1 2ER

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COMMODITIES AND AGRICULTURE

Gold price bursts through technical barrier to \$407 Wheat crop forecast to bounce by 22m tonnes

By Kenneth Gooding, Mining Correspondent

Gold's price yesterday burst conclusively through US\$404 a troy ounce - an important technical barrier - to close in London at \$407, up \$4.10 an ounce.

was on its way down. But it did not work out that way and they panicked and sent it up to \$407," said Mr Alan Baker, executive director of bullion trading at Deutsche Morgan Grenfell.

Gold bears still insisted that, although the price might reach \$420 during this renewed period of price volatility, it was likely to slip back to well below \$400 later.

By Deborah Hargreaves

World wheat output could reach 553m tonnes this year - up from 531m tonnes last year - as producers in main exporting countries respond to sharply higher prices, according to the International Grains Council.

are generally favourable. The crop is expected to be the highest for three years and could ease the current supply tightness.

stocks by mid-year remains at a 20-year level of 90m tonnes. The European Union further curbed the flow of wheat to the world market by imposing an export tax in December, the IGC said.

market will ensure appropriate rationing of grain and feed products, and such an important function should not be in the hands of a few bureaucrats," the association said.

some 3 to 5 per cent in the EU. The council said the availability of wheat supplies this year would depend on the amount of coarse grains for the livestock sector.

Coffee market hits 7-week highs

By Deborah Hargreaves

Coffee prices hit 7-week highs yesterday as the March futures contract at the London Commodity Exchange rose by \$48 a tonne to \$1,555.

The ACPFC yesterday reiterated its decision to keep in place its export retention scheme beyond June 1996. It said the scheme last year which resulted in 29m bags of exports between June and December, had led to a large drop in coffee stocks held by consuming countries.

"Notwithstanding the results of the programme, prices do not yet reflect market fundamentals and are at levels unsatisfactory to producer countries," the organisation said.

IPE puts back launch of gas futures

By David Lascoll, Resources Editor

The International Petroleum Exchange in London has been forced to postpone the launch of Europe's first forward contract for natural gas because of delays in liberalisation of the UK gas market.

Australia to scrap wool debt levy

By Nikki Tait in Sydney

Australian woolgrowers, who have been battling drought and slumping prices, finally got some good news yesterday when the federal government announced that it would abolish the 4.5 per cent tax levied to help pay off the A\$2.8bn industry debt that built up under the now abandoned guaranteed price scheme.

about A\$1.4bn - remains, but this will now be serviced solely by sales of the large wool stockpile, which also built up under the previous pricing scheme. For the past year, Wool International, set up to handle the stockpile problem, has been steadily reducing this hoard through a fixed schedule of sales.

industry promotion and research. Announcing the levy's abolition, Senator Collins also said that negotiations between China and the Commonwealth Bank of Australia over a credit line, said to be around A\$300m, to help Chinese importers buy Australian wool were progressing.

Guyanese sugar harvest below target

By Carole James

Guyana's 1995 sugar harvest yielded 249,840 tonnes of raws, 2,160 tonnes less than 1994 production and 14,160 tonnes below the industry's production target.

Surinam backs off from logging debate

By Carole James in Kingston

Mounting local and foreign opposition has forced legislators in Surinam to postpone a parliamentary debate about contracts that the government wants to award to a Malaysian company to log about 10m acres of rainforest.

cession. Amerindians and the Maroon tribe, which make up 15 per cent of the country's 400,000 population, have created a political party to oppose the logging venture.

The proposed concession is in the Amazon Basin, and comprises about 10 per cent of Surinam. Government officials say the contract could ease pressure on the hard-pressed economy of the former Dutch colony on the north-east coast of South America.

The date for final delivery of the gas network has also been postponed by three months to September 1, which means that traders will have less incentive to trade gas actively much before then.

Japanese concede iron ore price rises

By Nikki Tait

Australian iron ore producers yesterday announced that they had reached agreement with the Japanese steel mills, their major customers, for price rises ranging from just under 5 per cent to over 7 per cent in the 1996 contract year.

37.68 cents for Mount Newman lump, a rise of 4.99 per cent. The company noted the rising premium for lump ore, saying that this had increased from 7.50 cents to 8.50 cents, or 13.3 per cent, over the past year.

Shares of the major iron ore producers generally rose on news of the Tokyo negotiations' outcome. BHP was 18 cents higher at A\$18.63, while CRA increased by a similar amount to A\$18.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

Table of base metals prices including Aluminum, Copper, Lead, Nickel, Zinc, and Tin. Columns include price, change, high, low, and open.

Precious Metals continued

GOLD COMEX (100 Troy oz; \$/troy oz)

Table of precious metals prices including Gold, Silver, and Platinum. Columns include price, change, high, low, and open.

GRAINS AND OIL SEEDS

WHEAT LCE (2,000 bush; \$/bush)

Table of grain and oil seeds prices including Wheat, Soybean, and Maize. Columns include price, change, high, low, and open.

SOFTS

COFFEE LCE (\$/cwt)

Table of softs prices including Coffee and Sugar. Columns include price, change, high, low, and open.

MEAT AND LIVESTOCK

LIVE CATTLE CME (40,000 lbs; cents/lb)

Table of meat and livestock prices including Live Cattle, Hogs, and Pigs. Columns include price, change, high, low, and open.

LONDON TRADED OPTIONS

Table of London traded options prices for various commodities. Columns include commodity, price, and change.

LONDON SPOT MARKETS

Table of London spot markets prices including Oil, Gas, and Chemicals. Columns include price, change, and high/low.

PRECIOUS METALS

LONDON BULLION MARKET

Table of London bullion market prices including Gold, Silver, and Platinum. Columns include price, change, and high/low.

NATURAL GAS NYMEX (10,000 cu ft; \$/unit)

Table of natural gas prices including NYMEX. Columns include price, change, high, low, and open.

FUTURES DATA

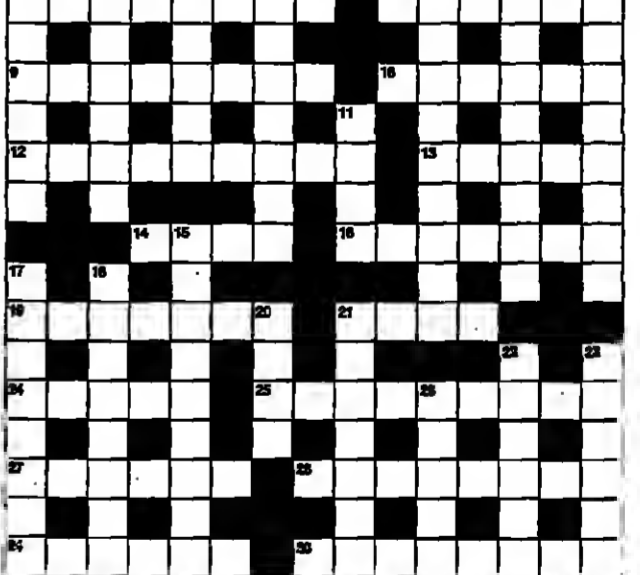
Table of futures data for various commodities including Wheat, Soybean, and Maize. Columns include price, change, and high/low.

INDICES

Table of various indices including FTSE 100, Nikkei, and DAX. Columns include price, change, and high/low.

CROSSWORD

No. 8,977 Set by VIXEN



- ACROSS
1 To help retired folk, ... (6)
2 ... abuse one in traffic (8)
3 Give advice about a boy wanting fresh food (8)
4 Cut string that's tough (6)
5 The sum required for building work (9)
6 Taking time to muse (5)
7 Make progress with due deference (4)
8 The dotty type? (7)
9 Unusually nice lad from the country (7)
10 The least quietly scuffed (4)
11 Spoke about the little page being most pleasant (5)
12 Think to put money into some high-risk investment (9)
13 A witty saying about a comical lot (6)
14 Fierce mist affect one's view of things (8)
15 Fears sadder outcome (5)
16 Leftist accepting a few lines must be withdrawn (8)
DOWN
7 Expert holding mean bungler liable (8)
8 Look on metal containers as horrible things (8)
9 Some rather big leaves used by the cook (4)
10 Left flat on a bed and in a bad way (9)
11 Initial care needed to get an evergreen settled (5-3)
12 The odd people he would allow a private viewing (8)
13 A suggestion to discourage (4)
14 Shave beforehand and get ready (7)
15 Artificial flowers (8)
16 Imprisoned nowadays for a five year stretch (6)
17 The employment of superior natural flavouring (5)
18 Solution 8,976

INTERNATIONAL CAPITAL MARKETS

Rising gold prices and default concerns drag Treasuries lower

By Lisa Branstetter in New York and Martin Brice in London

US Treasuries were hit by rising gold prices, supply pressures and fears of default, causing European government bonds to erase their early gains. French bonds slipped on disappointment an expected interest rate cut failed to arrive and UK gilts fell through support levels on technical trading.

After March 1 unless Congress raised the federal borrowing limit. Also putting pressure on bonds were gains in the price of gold and rumours that some large hedge funds were selling bonds to buy gold.

Economic data out yesterday, however, was supportive of the consensus that the economy is slowing. Existing

GOVERNMENT BONDS

homes sales fell 3.3 per cent in December to 3.9m, the first time since July that they have been below 4m. There were 97,000 new claims for unemployment benefits last week, the biggest jump since July.

German bonds started strongly but fell later in line with Treasuries. Economic data from Baden-Wuerttemberg and Bavaria had little impact since it merely confirmed a benign inflation outlook.

The yield on benchmark two-year paper rose 1 basis point and that on 10-year paper by 3 basis points, with the spread between the two maturities increasing 2 basis points to 226.

On Life, the March 10-year bond futures closed at 100.63, down 0.05 on the day. The yield spread of 10-year bonds over Treasuries moved from 10 basis points to 8 basis points.

French bonds were unsettled by the weaker franc yesterday, the lack of a cut in the intervention rate and the fall

in Treasuries. On Matif, the March 10-year future settled at 122.02, down 0.02, while March Pibor fell 0.06 to 95.32. The spread over 10-year German paper tightened 4 basis points to 51.

Italian bonds were troubled by domestic politics, and the spread over Germany widened 10 basis points to 448. In a volatile day's trading, the future opened at 112.55 and hit a low of 111.45 before closing at 111.53, down 0.08.

Traders said there had been a bout of profit-taking and sentiment was affected by the lack of progress in agreeing a new government.

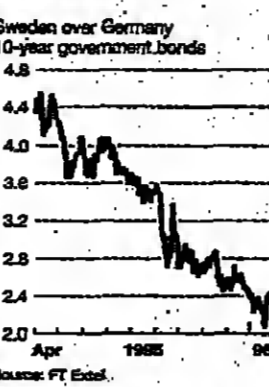
Swedish bonds had a volatile day and the yield spread over German 10-year paper widened from 245 basis points to 262 basis points. The yield on five-year paper rose 25 basis points, although some traders said the market was oversold and there might be a squeeze.

Mr James Stewart, head of research at Enskilda, said: "Although there are risks in this market, it would be unwise to exaggerate them. On a fundamental basis, there is clear evidence of a slowing of growth and a moderation of inflation."

UK government bonds spent the day in largely technical trading after opening firmer on the back of the surge in Treasuries overnight and strength in the bond market. The long gilt future on Life tested the 112.08 level and ran into aggressive selling that drove it down to close at 111.07, 0.1%.

The 10-year yield spread over Germany widened by 3 basis points to 165, and some traders say it could go to about 175

Yield spread



Source: FT Econ.

Chicago exchanges to discuss merger

By Richard Lepper

Chicago's two futures exchanges are to examine the potential "for common initiatives, including a possible merger", following a meeting this week between senior executives at the two markets.

The move revives an idea which was dropped earlier this month by the Chicago Board of Trade (CBOT) and the Chicago Mercantile Exchange (CME), the world's two biggest organised derivatives markets.

Traditionally competition between the two Chicago markets has been intense but both are under pressure to cut costs as a result of a decline in volumes last year and increasing international competition.

Mr Jack Smider, chairman of the CME, and Mr Patrick Arbor, chairman of the CBOT, will co-chair a joint strategic committee which will explore the potential for co-operation.

Bayerische Landesbank issue hit by fall in prices

By Conner Middelmann

Volatile conditions in the underlying government bond markets led to a turbulent bid for some of yesterday's new bond issues.

In the D-Mark sector, the biggest casualty of the late decline in prices was a DML5bn 10-year issue for Bayerische Landesbank, launched late in the day. Priced at 25 basis points over bonds, the yield spread narrowed to 22 basis points as the underlying bond market spiked lower, and widened to 27 basis points after the bonds were freed to trade.

The handling of the issue sparked widespread criticism from underwriting banks. "The market was collapsing when we were asked to price a fixed jumbo into a falling market is a disaster," said one dealer.

CS First Boston, joint lead manager with Bayerische Versteherbank and IBI, admitted the timing had been "unfortunate", but said that the "market wanted to do the deal then".

The 10-year D-Mark sector was in poor shape yesterday, staggering under the weight of some DM6.5bn of recently issued bonds. As a result, spreads on new bonds were widened by about 3-4 basis points from their launch levels, dealers said.

In the US dollar sector, two issuers managed to exploit a loophole in regional Swiss tax

INTERNATIONAL BONDS

regimes, which treats capital gains accruing to private investors in certain countries more favourably than income, by issuing low-coupon bonds at a discounted price.

BNG, the Dutch municipal bank, took advantage of this opportunity to issue \$300m of 3 per cent, five-year bonds at a 89.80-reoffer price, yielding flat on US Treasuries. Investors get a lot of upside from the

Abbey National was busy in the sterling sector. It reopened an issue of perpetual preference shares it launched last October, doubling it by another £100m. The paper was priced to yield 185 basis points over gilts.

Abbey National also did a £75m structured floating-rate note issue via BZW, driven in part by a handful of large institutional buyers.

NEW INTERNATIONAL BOND ISSUES

Table with columns: Issuer, Amount, Coupon, Price, Maturity, Fees, Spread, Book runner. Lists various international bond issues from issuers like Dresdner Bank, Citicorp, and others.

BENCHMARK GOVERNMENT BONDS

Table showing benchmark government bond prices and yields for Australia, Canada, Denmark, Germany, France, Italy, Japan, Netherlands, Portugal, Spain, Sweden, UK Gilts, and US Treasury.

US INTEREST RATES

Table showing US interest rates for Treasury bills and bonds, including 1-month, 3-month, 6-month, 1-year, 2-year, 3-year, 5-year, and 10-year rates.

BOND FUTURES AND OPTIONS

Table showing bond futures and options prices for France, Germany, and UK Gilts, including various contract specifications and prices.

FT FUTURES OPTIONS (LFFE) DM250,000 points of 100%

Table showing FT futures options prices for Germany, including call and put options for various maturities.

FT NATIONAL SPANISH BOND FUTURES (MEF)

Table showing FT national Spanish bond futures prices for various maturities.

UK

Table showing UK bond futures and options prices, including national UK gilt futures and long gilt futures options.

FT-FIXED INTEREST INDICES

Table showing FT-fixed interest indices for various maturities and currencies, including US, UK, and other international indices.

FT/FISMA INTERNATIONAL BOND SERVICE

Table showing FT/FISMA international bond service data, including various international bond issues and their prices.

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Table showing FT-fixed interest indices for various maturities and currencies, including US, UK, and other international indices.

FT/FISMA INTERNATIONAL BOND SERVICE

Table showing FT/FISMA international bond service data, including various international bond issues and their prices.

UK GILTS PRICES

Table showing UK gilts prices for various maturities, including 12-month, 18-month, 2-year, 3-year, 5-year, and 10-year gilts.

Other Fixed Interest

Table showing other fixed interest rates for various countries and currencies, including Australia, Canada, Denmark, Germany, France, Italy, Japan, Netherlands, Portugal, Spain, Sweden, and UK.

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CURRENCIES AND MONEY

MARKETS REPORT

Tensions over monetary union lift the D-Mark

By Graham Bowley

Political worries and renewed tensions over European monetary union hit the Italian lira and French franc yesterday as the D-Mark emerged as the most favoured safe-haven currency.

The D-Mark's gains brought the dollar's recent rise to an abrupt end for most of the session before the dollar surged in late trading on reports that a German official had said he favoured a weaker D-Mark.

Worries that the US government might default on its debt obligations, which caused a sharp sell-off in US government bonds, continued to dog the US currency.

The Canadian dollar fell after the Bank of Canada cut short-term interest rates and on news of a cabinet reshuffle. The Swedish krona and Finnish markka came under pressure over fears that slower growth could undermine these countries' fiscal positions.

Foreign exchange markets saw a fair degree of volatility yesterday as worries about the US budget stand-off, European monetary union and speculation about cuts in US and European interest rates huffed currencies.

Fears that slower growth across Europe might mean some countries would not meet the Maastricht criteria for monetary union continued to unsettle currency markets.

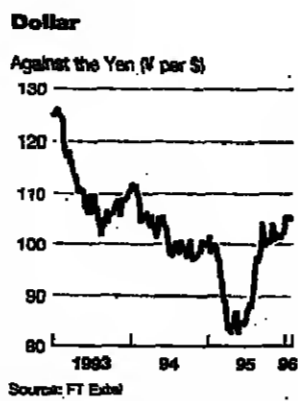
Signs of political unrest in France and Italy added to these concerns. Investors fear the French and Italian governments may not be strong enough to push through planned cuts in government spending necessary to satisfy the criteria, analysts said.

Mr Paul Megyesi, currency strategist at Deutsche Morgan Grenfell, said: "There is a simmering feeling that if social unrest does come back to the fore in France then the government would be vulnerable and the franc would suffer."

Rumours that the French and German authorities might be planning a devaluation of the franc and that the franc might then be pegged more closely to the D-Mark were denied by the French and German authorities but nevertheless caused some franc weakness.

The Bank of France left its intervention rate unchanged at its securities repurchase tender, despite speculation that the rate might fall following Wednesday's drop in the German repo rate.

The franc finished weaker against the D-Mark at FFfr4.389 from FFfr4.430. The lira closed at Lj.078 against the D-Mark, from Lj.075, following speculation



Against the Yen (¥ per \$)

Automatic of the current nervous state of the markets due to the risk of debt default in the US and political risk in Europe.

The dollar began the European session lower after an overnight sell-off. Continued nervousness over the US budget and reports that Moody's, the international credit rating agency, had placed \$387bn of US debt on review for possible downgrade then weighed on the currency.

The dollar finished in London at DM1.4763 from DM1.4903. It finished against the yen at ¥106.4650, from ¥106.7650.

The Canadian dollar ended the European session lower after the Bank of Canada cut its target range for the overnight financing rate by a quarter-point.

It closed at C\$1.3766 from C\$1.3897 against the US dollar. The Swedish krona ended sharply lower against the D-Mark at SKr4.660 from SKr4.632 despite the decision by the Swedish central bank to leave interest rates unchanged.

The Finnish markka also lost ground against the D-Mark. "Markets suspect that given the slowdown in Finland, the authorities cannot afford to maintain a strong interest rate policy," said Mr Megyesi.

The pound was left largely on the sidelines as movements elsewhere in the currency markets dominated. Sterling ended slightly lower against the D-Mark, finishing at DM2.2361 from DM2.2397. It finished slightly higher against the dollar at \$1.5147 from \$1.513.

Sterling's trade-weighted exchange rate index was unchanged at 83.1.

Other currencies: The Czech koruna fell to C\$1.4103 from C\$1.4103. The Hong Kong dollar fell to HK\$0.7720 from HK\$0.7720. The Japanese yen fell to ¥106.4650 from ¥106.7650. The New Zealand dollar fell to NZ\$0.6950 from NZ\$0.6950.

FOUR SPOT FORWARD AGAINST THE POUND

Table with columns: Jan 25, Closing mid-point, Change on day, Bid/offer spread, Days' bid, One month, Three months, Six months, One year, Bank of England rate. Rows include Europe (Austria, Belgium, Denmark, etc.), Americas (Argentina, Brazil, Canada, etc.), Pacific/Middle East/Africa (Australia, Hong Kong, India, etc.).

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table with columns: Jan 25, Closing mid-point, Change on day, Bid/offer spread, Days' bid, One month, Three months, Six months, One year, J.P. Morgan index. Rows include Europe (Austria, Belgium, Denmark, etc.), Americas (Argentina, Brazil, Canada, etc.), Pacific/Middle East/Africa (Australia, Hong Kong, India, etc.).

CROSS RATES AND DERIVATIVES

Table with columns: Jan 25, Bid, Offer, Change, High, Low, Est. vol, Open int. Rows include Exchange Cross Rates (Belgium, Denmark, France, etc.), D-MARK FUTURES (MM) DM 125,000 per DM, SWISS FRANC FUTURES (MM) SF 125,000 per SF, JAPANESE YEN FUTURES (MM) ¥12.5 per Yen 100, STERLING FUTURES (MM) £100,000 per £.

EMU EUROPEAN CURRENCY UNIT RATES

Table with columns: Jan 25, Euro rate, Rate against Euro, Change on day, % change, % of euro, Div. Rows include Spain, Netherlands, Belgium, Germany, Portugal, Denmark, France, Ireland.

WORLD INTEREST RATES

Table with columns: Jan 25, Over/night, One month, Three months, Six months, One year. Rows include London Money Rates (Interbank Sterling, Treasury Bills, etc.), Short Sterling Options (Calls, Puts), Base Lending Rates (Adrian & Company, Allied Trust Bank, etc.).

WORLD INTEREST RATES

Table with columns: Jan 25, Over/night, One month, Three months, Six months, One year. Rows include Eurozone (Germany, France, etc.), Japan (3-month, 6-month, 1-year), US Treasury Bill Futures (91-day, 182-day, etc.).

WORLD INTEREST RATES

Table with columns: Jan 25, Over/night, One month, Three months, Six months, One year, Lomb rate, De. rate, Repo rate. Rows include Belgium, France, Germany, Ireland, Italy, Netherlands, Portugal, Spain, Switzerland, Japan, US.

EURO CURRENCY INTEREST RATES

Table with columns: Jan 25, Short term, 7 days notice, One month, Three months, Six months, One year. Rows include Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Netherlands, Portugal, Spain, Switzerland, UK, USA.

THREE MONTH EURO-DOLLAR FUTURES (LIFE) £1m points of 100%

Table with columns: Mar, Jun, Sep, Dec. Rows include Open, Sell price, Change, High, Low, Est. vol, Open int.

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Guilbert

Table with columns: Consolidated Turnover, Jan 1995, Jan 1994, Jan 1993. Rows include UK, Europe, World.

CONTRACTS & TENDERS

TENDER ANNOUNCEMENT

ISKENDERUN IRON AND STEEL WORKS CO. (ISEMIR) TURKEY

2,100,000 METRIC TONS OF COOKING COAL TO BE PURCHASED

1. For the requirement of our Plant during the July 1996/June 1997 contract year, approximately 2,100,000 metric tons of cooking coal will be imported from the following origins:

- From USA: 700,000 m. tons (Med. Volatile)
From Australia: 360,000 m. tons (Med. Volatile)
From Canada: 360,000 m. tons (Low Volatile)
From Poland: 200,000 m. tons (Med. Volatile)
From Other Countries: 120,000 m. tons (Med. Volatile)

2. Tender Documents will be available for sale from 5th December 1995 and may be obtained at the following offices upon the payment of TL 70,000,000 (incl. VAT) non-refundable fee per set.

3. Sealed offers prepared in compliance with Tender Requirements must be received at "Iskenderun Demir ve Celik A.S. Genel Müdürlüğü, Habermese Servisi, Iskenderun Turkey" at the latest by 14.00 hours Turkish local time on Friday 8th March 1996. Offers shall be opened at 14.30 hours the same day in the presence of interested bidders.

4. ISEMIR reserves the right to place the order either partially or completely with any bidder or to cancel the tender completely. The receipt of quotations shall in no way be binding upon our company.

Iskenderun Iron and Steel Works - Turkish Iron and Steel Works

Iskenderun Iron and Steel Works - TDÇI Genel Müdürlüğü

Iskenderun Iron and Steel Works - Ziya Gökalp Cad. No: 80

Iskenderun-TURKEY - Karaman/Adana-TURKEY

Fax: 90 326 7551184 Fax: 90 321 4344706

Iskenderun Iron and Steel Works - Turkish Iron and Steel Works

Iskenderun Iron and Steel Works - TDÇI Genel Müdürlüğü

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THE FT GUIDE TO WORLD CURRENCIES

published in Monday's newspaper and covering over 200 currencies, is now available by dialling the following number from the keypad of handset of your fax machine, 8991 437 001.

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24

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

Table listing companies in the Alcoholic Beverages sector with columns for company name, price, and change.

BANKS, MERCHANT

Table listing companies in the Banks, Merchant sector.

BANKS, RETAIL

Table listing companies in the Banks, Retail sector.

BREWERIES, PUBS & REST

Table listing companies in the Breweries, Pubs & Rest sector.

BUILDING & CONSTRUCTION

Table listing companies in the Building & Construction sector.

BUILDING MATS & MERCHANTS

Table listing companies in the Building Mats & Merchants sector.

CHEMICALS

Table listing companies in the Chemicals sector.

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ELECTRONIC & ELECTRICAL EQPT - Cont.

Table listing companies in the Electronic & Electrical EQPT sector.

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EXTRACTIVE INDUSTRIES - Cont.

Table listing companies in the Extractive Industries sector.

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HOUSEHOLD GOODS - Cont.

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INVESTMENT TRUSTS - Cont.

Table listing companies in the Investment Trusts sector.

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سكدا من الاصل

INV TRUSTS SPLIT CAPITAL - Cont.

Table listing investment trusts with split capital structures, including names like American Investment, British American, and others, with columns for share types and prices.

LEISURE & HOTELS - Cont.

Table listing leisure and hotel companies such as British Airways, British Telecom, and others, with columns for share names and prices.

OTHER FINANCIAL - Cont.

Table listing other financial services companies like British American, British Telecom, and others, with columns for share names and prices.

PROPERTY - Cont.

Table listing property-related companies and their share prices.

SUPPORT SERVICES - Cont.

Table listing support services companies like British American, British Telecom, and others, with columns for share names and prices.

AIM - Cont.

Table listing companies on the Alternative Investment Market (AIM) with their share prices.

OTHER INVESTMENT TRUSTS

Table listing other investment trusts with their share prices.

INVESTMENT COMPANIES

Table listing investment companies with their share prices.

LIFE ASSURANCE

Table listing life assurance companies with their share prices.

MEDIA

Table listing media companies with their share prices.

PAPER, PACKAGING & PRINTING

Table listing paper, packaging, and printing companies with their share prices.

PHARMACEUTICALS

Table listing pharmaceutical companies with their share prices.

RETAILERS, FOOD

Table listing food retailers with their share prices.

RETAILERS, GENERAL

Table listing general retailers with their share prices.

TELECOMMUNICATIONS

Table listing telecommunications companies with their share prices.

TEXTILES & APPAREL

Table listing textiles and apparel companies with their share prices.

AMERICANS

Table listing American companies with their share prices.

CANADIANS

Table listing Canadian companies with their share prices.

SOUTH AFRICANS

Table listing South African companies with their share prices.

BVLGARI advertisement featuring a watch image and text: 'SPORT WATCH IN STAINLESS STEEL. AUTOMATIC MOVEMENT. WATER RESISTANT. SWISS MADE. BVLGARI 172 NEW BOND STREET, LONDON W1. (0171) 872 9669'

TOBACCO

Table listing tobacco companies with their share prices.

TRANSPORT

Table listing transport companies with their share prices.

WATER

Table listing water companies with their share prices.

PROPERTY

Table listing property companies with their share prices.

RETAILERS, GENERAL - Cont.

Table listing general retailers with their share prices.

SUPPORT SERVICES

Table listing support services companies with their share prices.

AIM

Table listing companies on the Alternative Investment Market (AIM) with their share prices.

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FT MANAGED FUNDS SERVICE

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Main table containing fund names, descriptions, and prices. Includes sections for 'OTHER OFFSHORE FUNDS' and 'OFFSHORE INSURANCES'.

MANAGED FUNDS NOTES: This section provides detailed information regarding the funds, including their objectives, risks, and performance metrics.

Handwritten note at the bottom center: 'صندوق الاستثمار'

LONDON STOCK EXCHANGE

MARKET REPORT

Bought deal and declining bonds upset equities

By Steve Thompson, UK Stock Market Editor

The absence of the much rumoured bid for one of the FT-SE 100 stocks, and a sharp correction in global bonds, took the wind out of the sails of London's equity market.

The market's leading issues, with the FT-SE Mid 250 index only slipping into negative ground just before the close and finishing a mere 0.2 easier at 4,086.7.

formed well overnight, but began to lose ground in European trading, reflecting a revival of fears that the US could default on its debts if the long-running budget deficit wrangle is not sorted out.

takeover bids materialising, market-makers quickly took the initiative and began to lower quotations for the so-called bid stocks to shake out any loose stock.

boasted by hopes of an early sale of many of the hotels it acquired in its successful bid for Forte, but later retreated on some determined profit-taking.

Bid talk shifts to P&O

Property and shipping giant P&O roared to the top of the Foolsie rankings as takeover talk gripped the market and one top broker dubbed the shares "the next Forte".

turn in the sector and profitability in the second half. Since last September Allied Colloids, Albright & Watson, Hickson International, Laporte and British Vita have all warned of tough market conditions.

predator offering around 550p a share. Although the shares have recovered from their drubbing last May, they have failed to benefit from the traditional seasonal bonanza.

Granada Group, which this week won its bid for Forte, paused for breath yesterday, which left the stock trading at 704p following trade of 7m shares.

Anagen, the healthcare group, moved forward 5 to 70p as it announced it had reached a settlement with the former marketing partner Organon Teknika.

Holiday beached

A profits warning from Holiday Chemicals hit the whole chemicals sector and banged what one analyst described as a "serious nail in Holiday's prospects".

Smith 'targeted' Bid speculation settled on W.H. Smith, helping the high street owner surge off the gloom that followed Wednesday's second profits warning in less than a year.

SEAD bargains Equity turnover (bn) Equity bargains (bn) Shares traded (bn)

Competition and regulatory worries continued to gnaw away at sentiment in the telecoms sector.

BT slipped 6 to 364p in 9.5m shares traded following news from Network Securities which drew attention to the hectic regulatory timetable faced by the group in the first part of this year.

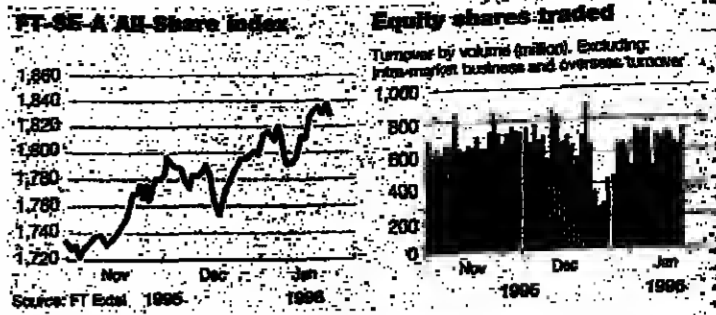


Table with 2 columns: Indices and ratios, and Equity shares traded. Includes FT-SE 100, FT-SE Mid 250, FT-SE All-Share, and various ratios like P/E and Dividend Yield.

Table titled 'FUTURES AND OPTIONS' showing data for FT-SE 100 Index Futures (LEFE) and FT-SE Mid 250 Index Futures (LEFE).

Table titled 'FT-SE 100 INDEX OPTION (LEFE)' showing option prices for various strikes and expirations.

Table titled 'MARKET REPORTERS' listing names like Peter John, Joel Kibazo, and Jeffrey Brown.

Table titled 'LONDON RECENT ISSUES: EQUITIES' listing various companies and their share prices.

Table titled 'FT GOLD MINES INDEX' showing gold mine share prices.

Table titled 'FT-SE Actuarial Share Indices' showing various actuarial indices.

Table titled 'Major Stocks Yesterday' showing a list of major stocks and their daily price movements.

CRH CAPITAL LIMITED advertisement for US\$72,000,000 5% PER CENT CONVERTIBLE CAPITAL BONDS DUE 2005.

Hydro-Québec advertisement for US\$200,000,000 Floating Rate Notes, Series FY, Due July 2002.

SUNKYONG INDUSTRIES LIMITED advertisement for US\$50,000,000 Floating Rate Notes in April 1996 and April 1997.

CONTRACTS & TENDERS advertisement from the GAMING COMMISSION OF THE MINISTRY OF THE TREASURY OF THE REPUBLIC OF PANAMA.

CREDIT LYONNAIS advertisement for a US\$19,000,000 Guaranteed Debenture due 2001.

Hourly movements table showing stock price changes throughout the day.

REPUBLIC OF FINLAND advertisement for a US\$50,000,000 11 1/2% Loan Stock due 2009.

FT-SE Actuarial 350 Industry baskets table showing various industry indices.

Additional information and disclaimer text regarding the FT-SE Actuarial Share Indices.

Handwritten Arabic text: سكران من الالهي



WORLD STOCK MARKETS

EUROPE

AUSTRIA (Jan 25 / Sch)

Table of Austrian stock market data including indices and individual stock prices.

BELGIUM (Jan 25 / Frs)

Table of Belgian stock market data including indices and individual stock prices.

GERMANY (Jan 25 / Marks)

Table of German stock market data including indices and individual stock prices.

ITALY (Jan 25 / Lit)

Table of Italian stock market data including indices and individual stock prices.

NORWAY (Jan 25 / Kroner)

Table of Norwegian stock market data including indices and individual stock prices.

NETHERLANDS (Jan 25 / Gld)

Table of Dutch stock market data including indices and individual stock prices.

PORTUGAL (Jan 25 / Escudos)

Table of Portuguese stock market data including indices and individual stock prices.

SPAIN (Jan 25 / Ptas)

Table of Spanish stock market data including indices and individual stock prices.

FINLAND (Jan 25 / Mk)

Table of Finnish stock market data including indices and individual stock prices.

FRANCE (Jan 25 / Frs)

Table of French stock market data including indices and individual stock prices.

NETHERLANDS (Jan 25 / Gld)

Table of Dutch stock market data including indices and individual stock prices.

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Table of Dutch stock market data including indices and individual stock prices.

Advertisement for Rockwell, featuring the text 'Rockwell, builder of the space shuttle, also makes the majority of the fax and data modems in the world' and the Rockwell logo.

PACIFIC

JAPAN (Jan 25 / Yen)

Table of Japanese stock market data including indices and individual stock prices.

NEW ZEALAND (Jan 25 / NZ\$)

Table of New Zealand stock market data including indices and individual stock prices.

SINGAPORE (Jan 25 / S\$)

Table of Singapore stock market data including indices and individual stock prices.

HONG KONG (Jan 25 / HK\$)

Table of Hong Kong stock market data including indices and individual stock prices.

TAIWAN (Jan 25 / NT\$)

Table of Taiwan stock market data including indices and individual stock prices.

THAILAND (Jan 25 / Baht)

Table of Thailand stock market data including indices and individual stock prices.

INDONESIA (Jan 25 / Rp)

Table of Indonesian stock market data including indices and individual stock prices.

PHILIPPINES (Jan 25 / P)

Table of Philippine stock market data including indices and individual stock prices.

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Table of Indonesian stock market data including indices and individual stock prices.

INDICES

Table of various international stock indices including Argentina, Australia, Canada, etc.

US INDICES

Table of US stock market indices including Dow Jones, S&P 500, etc.

ASIA

Table of Asian stock market indices including Japan, Korea, etc.

AFRICA

Table of African stock market indices including South Africa, etc.

AMERICA

Table of American stock market indices including Canada, etc.

EUROPE

Table of European stock market indices including Germany, France, etc.

ASIA

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Table of Asian stock market indices including Japan, Korea, etc.

AFRICA

Table of African stock market indices including South Africa, etc.

AMERICA

Table of American stock market indices including Canada, etc.

Handwritten Arabic text at the bottom of the page.

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

4 pm close January 25

Main table of stock prices with columns for stock name, price, and change. Includes sections for 'NEW YORK STOCK EXCHANGE', 'AMERICAN STOCK EXCHANGE', and 'BOSTON STOCK EXCHANGE'.

BE OUR GUEST CONRAD INTERNATIONAL RESTAURANT. When you stay with us in Istanbul stay in touch with complimentary copy of the FT FINANCIAL TIMES

AMERICAN STOCK EXCHANGE logo and text.

Continued on next page

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices listing various stocks with columns for stock name, price, and change. Includes sub-sections like 'Continued from previous page' and 'U'.

NASDAQ NATIONAL MARKET

Table of NASDAQ National Market listing various stocks with columns for stock name, price, and change. Includes sub-sections like 'K', 'L', 'M', 'N', 'O', 'P', 'Q', 'R', 'S', 'T', 'U', 'V', 'W', 'X', 'Y', 'Z'.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices listing various stocks with columns for stock name, price, and change.

Advertisement for 'Norway' with the slogan 'Have your FT hand delivered in Norway.' Includes text about Financial Times World Business Newspaper and delivery services.

Continuation of the NASDAQ National Market table from the previous page, listing stocks from 'A' to 'Z'.

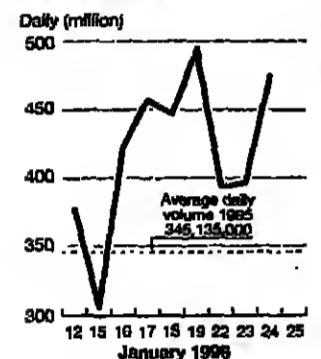
AMERICA

Dow declines as earnings come in mixed

Wall Street

US shares were modestly lower by early afternoon after a volatile morning that saw several components of the Dow Jones Industrial Average report quarterly earnings...

NYSE volume



early trading to yield 6.098 per cent, in part because of rising gold prices and new supply released on the market after Wednesday's auction of five-year notes.

Mexico takes profits

Mexico City was softer by midday as profits were taken. The IPC index was off 27.73 or 1 per cent at 3,026.91.

S Africa back on upward path

Johannesburg ended a brisk day firmer across the board, with industrials supported by local and offshore interest white goods inched up in spite of worries over the outlook for the bullion price.

EUROPE

Contrast in banking sector as Dax peaks again

The Dax index rose to new peaks, 2,443.72 on the official session and 2,437.02, up a mere 0.34, at the close after a volatile session.

FTSE Actuaries Share Indices

Table with columns for date, index name, and values. Includes FTSE 100, FTSE 250, FTSE 350, FTSE 400, FTSE 500, FTSE 600, FTSE 700, FTSE 800, FTSE 900, FTSE 1000.

expiry inflated the regular volume totals. AMSTERDAM found it difficult to make progress, but Philips continued to find support in spite of worries about losses at its German subsidiary Grundig.

As the AEX index slipped 0.68 to 508.01, Philips gained 70 cents to FF66.40, off a session's high of FF68.

ASIA PACIFIC

High-techs lift Nikkei, Hang Seng at 23-month high

Tokyo

The dollar's rise above the ¥107 level for the first time in two years prompted purchases of high-technology stocks and led the overall market higher, writes Emilio Terazono in Tokyo.

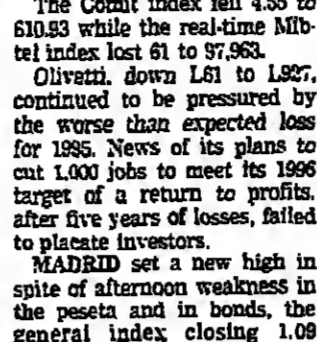
Hong Kong

listed on the second section, moved up ¥160.00 to ¥3.28m. Mr Makio Inui at Kleinwort Benson said a decline in the company's debt due to the capital increase would be regarded favourably by investors.

SEATTLE

respectively, while construction and financial shares each lost 1.5 per cent. Individual stories included China Development, which weakened \$1.50 to \$77.00 after announcing a forecast for 1996 earnings.

Poland



liametary elections. The WIG index rose nearly 5 per cent to 9,716.7 as turnover expanded from 38.9 zlotys to 177.5m.

VIENNA

The strongest performance came from AMS, the recently volatile high-tech issue, which advanced Sch85 or 6.1 per cent to Sch1.475.

BRUSSELS

the BEI20 index fell 20.18 to 1,642.50 after a late spate of basket selling, featured a 4.7 per cent gain in UCB, the pharmaceuticals and chemicals stock has become seriously popular with international investors over recent months, and rose another

WARSAW

Warsaw surged after the resignation of the prime minister, Mr Jozef Oleksy, which ended a period of uncertainty for equities and, partially, resolved fears of imminent per-

WARSZAWA

price of Bt30. The stock topped the most active issues in turnover of Bt1.84bn. SYDNEY made gains on offshore buying, while overall trading was also boosted by expiry of options.

DELHI

The government in Delhi denied the rumours, but investors, worried about an \$18m bribery scandal involving many political leaders, including ministers in Rao's cabinet, became increasingly nervous.

FT/S&P ACTUARIES WORLD INDICES table with columns for region, index name, and values. Includes Australia, Austria, Belgium, Brazil, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Korea, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, Thailand, United Kingdom, USA, and World Index.

London

In London the ISE/Nikkei 50 index eased 0.43 to 1,885.83. Corporate investors and financial institutions took profits on holdings ahead of the March book-closing.

Roundup

For the first time in 23 months, HONG KONG broke through the 11,000-point level, leaving the Hang Seng index to close 142.87 or 1.3 per cent higher at 11,103.08.

MANILA

MANILA defied forecasts that it was heading for a technical correction and ended at a five-month high, bolstered by Wall Street's overnight rally and close. The composite index added 26.38 or 1 per cent at 2,902.72.

TAIPEI

TAIPEI felt the effect of a further bout of diplomatic tension with mainland China and the weighted index tumbled

SEATTLE

respectively, while construction and financial shares each lost 1.5 per cent. Individual stories included China Development, which weakened \$1.50 to \$77.00 after announcing a forecast for 1996 earnings.

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